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30 November 1983

LATIN AMERICA REPORT

No. 2768

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BRIEFS

CONTINUED ENERGY SEARCH--The search in Barbados for alternative sources of energy cannot be allowed to slacken. Energy Minister Clyde Griffith in emphasising this said Government will soon be signing an agreement with a British concern to test the economic feasibility of connecting the present local electricity grid with wind power generation on a large scale. The wind energy programme is currently being financed with a grant from the Inter-American Development Bank (IDB), he said. Senator Griffith spoke yesterday at a one-day exhibition on alternative energy sponsored by the Barbados Association For Renewable Energy, Science and Technology (BAREST). The exhibition took place at the Barbados National Standards Institution (BNSI). Senator Griffith said the need was clear for demonstrations of scientific and technological applications in all areas as the country geared itself to cope with the strides being made in these areas by the developed countries. He said aspects of the use of solar energy had been examined with respect to space cooling, crop drying, and that a local firm was now in the process of demonstrating the use of solar cells to power communication sets in the fishing industry. [Text] [Bridgetown SUNDAY ADVOCATE in English 16 Oct 83 p 1]

CSO: 3298/129

POWER OUTAGE BLACKS OUT ENTIRE ISLAND; BELCO RAPPED

Report on Failure

Hamilton THE ROYAL GAZETTE in English 29 Sep 83 pp 1, 6

[Text] Bermuda Electric Light Company came under fire yesterday after the Island ground to a halt because of a total power failure.

It was the second time in four months that power was shut down throughout the Island. In June, a fire in one of Belco's gas turbines also resulted in no electricity.

The lack of accurate information on when power would be restored yesterday drew strong criticism from president of Trimmingham Brothers Ltd., Mr. Eldon Trimmingham.

"We feel that the information being put out was certainly lacking," he said. "They ought to have told us just when the electricity was going to be put back on."

Countered Mr. Alf Oughton, Belco general manager: "We were not in a position to say how long it would take to rectify the problem. There wasn't much we could tell them for the first three hours."

Bermuda was plunged into darkness at 7.07 a.m. following a short circuit at one of the Electric Light Company's sub-stations.

Confusion over when power would be restored resulted in hundreds of workers being sent home. Government schools closed early and the postal system remained paralysed throughout the day--despite a broadcast call for the 82 postal workers to return at lunch time.

Electricity was back on in most parts of the Island by noon, although the West End was without power until late afternoon.

"Everything shut down," said Mr. Oughton. "Not a thing was running. All we had were the emergency lights. That was all."

The power failure began when humidity at the Evans Bay sub-station in Southampton caused an electrical short circuit within the utility's main 22,000 volt power line.

"As a result of this fault it was necessary to isolate the complete system and rearrange the distribution of electricity throughout the Island," said Mr. Oughton.

He added that one of the company's two gas turbines also experienced an electrical fault which delayed restoration of power.

Police reported no incidents of looting or vandalism during the power failure. There were no major accidents and traffic was kept moving in Hamilton by policemen stationed at street intersections.

Belco Under Fire

News of the power failure was first broadcast by the Government emergency broadcasting station at Prospect--which went on the air at 7.25 a.m. and issued its first news bulletin at 8.10 a.m.

But because Belco officials could not immediately locate the source of the failure, there was no indication as to when power would be restored. At 10 a.m. electricity began to return, starting in sections of Hamilton.

Electricity at King Edward VII Memorial Hospital was retained in essential areas by a diesel-powered generator. Private homes and some hotels were also able to supply electricity through similar generators.

"The reserve generator came on when the failure occurred, and it worked very well," said Medical Director at the hospital, Dr. John Rounthwaite. "The generator supplied electricity to essential areas such as the operating rooms, intensive care unit, etc."

Other businesses were not so lucky--including Government's vast bureaucracy.

Assistant Postmaster General Mr. Frank Lunt said the postal system had been hit "very badly" by the power failure. The 82 postal workers were sent home at 10 a.m. and did not return--despite the fact that power had been restored by noon at the General Post Office in Hamilton.

"The decision was made to send everyone home in the morning because the information we had at the time indicated that the power cut was going to last all day," said Mr. Lunt.

"After the power was restored we asked everyone by radio to return to work, but most of them must not have heard the request because no staff returned."

Government's 44 public schools closed their doors at 10.30 a.m., sending home just under 9,000 students to hundreds of working mothers who had to leave work to care for their children.

Permanent Secretary of Education Dr. Marion Robinson said the children were sent home because there was no running water at the schools and no indication had been given when power would be restored.

Government Director of Public Relations, Mrs. Valerie Smith, who was manning the emergency broadcasting station, said unsuccessful attempts were made to contact Belco during the early morning crisis.

"We had difficulty getting in touch with Belco," she said.

Belco deputy manager Mr. Ken Hodgson said at a 4 p.m. press conference that a "flashover" caused by excessive humidity created a short circuit at the Evans Bay sub-station.

The fault sent a surge of power throughout Belco's main power line, resulting in other sub-stations and the main generating plant in Hamilton shutting themselves down to prevent further damage.

Electricity Rate Hikes

Hamilton THE ROYAL GAZETTE in English 4 Oct 83 p 1

[Text] Electricity rates will rise on November 1 because of an increase in the fuel adjustment rate.

For the average householder using 560 kilowatts per month, the monthly electricity bill will rise by \$1.29.

The basic rate will remain unchanged. The fuel adjustment reflects fluctuations in the price of oil.

CSO: 3298/130

BRIEFS

HYDROPOWER LOAN--Roseau, Dominica, Thursday, (CANA)--Dominica is seeking a loan of \$80 million (EC \$1 equals 37 cents US) from a consortium of international lending agencies, including the World Bank, for the development of its hydroelectric potential, Prime Minister Eugenia Charles said today. Miss Charles told a news conference that she had discussed the matter with World Bank officials during her recent trip to Washington where she addressed the joint World Bank--International Monetary Fund (IMF) meeting on behalf of Commonwealth Caribbean countries. "At the moment, we have a study being made by hydro-experts. They have done part of the study and are now doing the second part which is being paid by the CDB (Caribbean Development Bank) for us," she said, adding: "...With hydro-power, you can have a reasonable cost of electricity (and as) we are making a drive for industrialisation to create more jobs...it is necessary for us to have an attraction for persons who want to invest in industry."

[Text] [Bridgetown BARBADOS ADVOCATE in English 14 Oct 83 p 3]

CSO: 3298/131

COLOMBIA, VENEZUELA PREPARE TO SET TERRITORIAL BOUNDARIES

Bogota EL TIEMPO in Spanish 20 Oct 83 p 20C

[Article by Roman Medina: "Contacts Renewed with Venezuela About Areas"]

[Text] Colombia and Venezuela have made several contacts to establish serious working mechanisms to delimit nautical and underwater boundaries. Negotiations could resume once the new government takes office in Venezuela, according to Rodrigo Lloreda Caicedo, minister of foreign affairs.

He explained that there have been talks with the current Venezuelan Government and with the political parties that aspire to power.

Minister Lloreda commented: "There seems to be a willing state of mind." He spoke at a debate in the House Foreign Relations Committee promoted by the liberal parliamentarian from Atlantico, Luis Lorduy Lorduy, concerning the situation of Colombian boundaries.

Lorduy expressed a number of concerns that were in a report published in the Sunday edition of EL TIEMPO a month ago. In response, Minister Rodrigo Lloreda stated that our 345,000 square kilometers are not amorphous although he admitted that there are still certain undefined boundaries in the Caribbean and the Pacific.

He specified that there are clear boundaries with Panama, Costa Rica and Haiti. Those with the Caiman Islands, property of Great Britain, and with Honduras and Jamaica are pending.

In relation to Colombian-Venezuelan nautical and underwater areas, Lloreda recalled that the government has maintained that it would be practical to design a work timetable with that country which would start when the new government takes power at the beginning of 1984. The terms of both governments would be used.

Lloreda stated: "At that time, we will have 2-1/2 years left in President Betancur's term and they will have much longer since they have terms of 5 years."

He added that it is necessary to try to organize the work in those 2 years. They agree, in principle, that it is time to resume talks. "We believe this

and we will present it as soon as we know who has won the Venezuelan elections because obviously we cannot yet seek an agreement on the procedure for the talks and because the direct talks must not end in frustration again."

The Colombian minister of foreign affairs emphasized that this will involve preliminary negotiations before getting into the topic itself.

He revealed that this has been expressed to representatives of the two main Venezuelan parties. "We believe that it is fundamental that this process be handled from a politically harmonious point of view here and there. Otherwise, the subject becomes a matter of internal conflict. There has been agreement on this strategy by representatives of both parties in Colombia."

He also mentioned Colombian sovereignty over the archipelago of San Andres y Providencia. He commented that the country has been consolidating full recognition of our sovereignty over those territories in the Caribbean.

Lorduy Lorduy complained about statements made by Capt Alberto Martinez, border chief of the Ministry of Foreign Affairs, that some of our borders are not clear. The minister of foreign affairs noted that this was not official information although he clearly defended his position.

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CSO: 3348/42

COLOMBIAN COUNCILMEN SEEK RENEWED RELATIONS WITH CUBA

Bogota EL TIEMPO in Spanish 25 Oct 83 p 1C

[Text] The council commission on the budget, part of which visited Havana, approved a request that the government study renewing relations with Cuba.

Although one of the leaders of the conservative wing, Andres Pastrana Arango, was in Cuba, the representatives of that party on the commission, Melquiades Carrizosa and Telesforo Pedraza, voted against it.

Pedraza proposed a motion of thanks to the head of state in Havana, which was later approved, for "his cordial invitation composed for very illustrious colleagues in this body." Nevertheless, liberals on both sides approved the petition on relations with Cuba.

In defense of the motion, one of the signatories and travellers, Julio Cesar Cortes, recalled that President Belisario Betancur is not only seeking peace in Central America, but that he was interviewed in Madrid by two subversive leaders.

The proposal was signed by Cortes, Laguerre, Guerrero Lopez and Cesar Pardo Villalba.

Carrizosa Amaya contended that as regards relations, it was up to the president of the republic. Pedraza Ortega said it would be more appropriate to approve a condemnation of the crime committed on Sunday in Beirut.

Cesar Pardo Villalba and Pedraza came face to face when the former condemned intervention in Central America by the United States and the latter stated he was unable to accept certain epithets against that country.

Pedraza also asked for a statement against the actions by Russians in Afghanistan and announced he would abstain at the time of voting.

The approved text reads:

"The Budget Commission, in consideration of the need the country has for normalizing its relations with all the countries of the world on the basis of equality and the principles of self-determination of peoples and of not interfering in their internal affairs, and the urgency of strengthening steps towards peace in Central America, on behalf of the Contadora Group, requests the national government to study the possibility of renewing relations with the Republic of Cuba."

BETANCUR ON CONSTRUCTION OF PANAMA-COLOMBIA CANAL

Bogota EL TIEMPO in Spanish 24 Oct 83 p 13A

[Text] Bahia Solano, 23 Oct--President Betancur said here that given the immense possibilities an interocean canal that Colombia and Panama would build offers and with the developmental naval base on the Pacific, "the recovery of the Choco and all its coastline will be a reality some day."

The chief executive recalled that since he was a candidate, "I made the decision that if the people vested me with their will, I would work to incorporate the border and coastline definitely into our national heritage through all possible help from the central government.

"That is how," President Betancur stated, "we are building in the plains a developmental air base in the center of Vichada at the mouth of the Terecay River to the Tomo (River), with the objective of having the nation in touch with the huge resources which the Llanos Orientales [Eastern Plains] possess.

"Likewise, we have taken the decision to go to the Orinoco River through Colombian territory via a paved highway that will incorporate the opportunities of the Plains, Amazonia and Orinoquia into the mainstream of the nation.

"In the same way," he added, "we made the decision to construct a developmental naval base in Malaga Bay to the north of Buenaventura and are taking the steps necessary for this base to become a reality during the current administration, so that from there all the help necessary is given to all the coastal towns for their development."

The chief of state noted he does not enjoy going out in search of praise and for that reason he makes unexpected trips, adding: "One should earn his praise. Whoever governs has responsibilities and duties to fulfill and only when those duties are fulfilled will it then be known whether or not he has earned those accolades."

He recalled the trip he made as president-elect across the province, San Andres, to the small islands and keys, to Jurado, Cupica Bay and Solano and he explained he made a similar tour taking into account the needs of the community.

"We have looked," he went on, "at the potentials in the long run of an interocean canal across the Atrato, and we have also analyzed the huge potentials of a binational canal between Colombia and Panama so we can join aspirations and hopes, since its exploitation would benefit both countries and the Choco communities.

"With the developmental naval base in Malaga Bay and the prospects that are opened, one day recovery for the department of Choco and the Pacific coastline will come about," he said.

He reiterated that Colombia has more than 3,000 kilometers of coastline on two oceans and coasts on two inland oceans, as he considered the Orinoco and Amazon River to be "and still those immense possibilities have not been placed in the service of the needs of the Colombian people."

The time has come--the political leader pointed out--to put into practice those aspirations and to carry out those hopes: "We are thinking big toward the year 2000 and far beyond with the purpose of turning a great country over to our children's children."

Mauricio Obregon, the president of the Colombian Commission on Oceanography, today stated that the Colombo-Panamanian canal which is now in the study stage, could cost between \$2 million and \$3 million.

Among the advantages in carrying out his plan, Obregon emphasized that "it will unite the two peoples in order to strive for a better future and to achieve development of their technologies."

Obregon, who accompanied President Betancur on his unexpected trip along the Pacific coast, explained that the canal project would be as follows: It would enter by the Atrato River; it would cross the Cacarica River to the continental divide, which is the first thing that would have to be removed by machinery, an operation comparable to the divide that was removed 80 years ago in the present Panama Canal, for which 50 steam shovels were used.

9908

CSO: 3348/37

ARGENTINE-BOLIVIAN TRADE RELATIONS ANALYZED

Buenos Aires LA NACION in Spanish 4 Nov 83 p 11

[Text] One-fifth of Argentina's foreign trade is with Latin American countries, the members of ALADI [Latin American Integration Association] in particular. Nevertheless, we know little about the economies of these countries and about our economic ties with them.

In this article we will analyze our relations with one of them: Bolivia. Before delving into the subject, we will briefly describe the basic characteristics of Bolivia's economy.

The Bolivian Economy

The country has a population of almost 6 million and an annual per capita income of \$600, which makes it one of the poorest of the middle-income group.

Its per capita output is one-fourth of Argentina's, the same gap that separates us and the most developed countries on the planet.

Foreign trade is equivalent to 36 percent of Bolivia's gross domestic product (GDP); in other words, its economy is more open than Argentina's. (15 percent).

Bolivia's history has been traditionally linked to the mining sector, tin in particular. With an annual output of 33,000 tons, it became the world's second largest producer in 1977, behind Malaysia, but it later lost this position when production dropped.

Through the Mining Corporation of Bolivia (COMIBOL), the government accounts for 70 percent of production, the cost of which is above the international level, which is the reason for a deficit estimated at \$80 million. Natural gas, of which the country has 6 trillion cubic feet of reserves, is becoming a very significant factor in the Bolivian economy.

The government passed a new foreign investment law in 1982 to replace the 1971 law. The new legislation freezes taxes for 10 years and provides

for cuts and exemptions. This is an attempt to overcome the lack of interest on the part of foreign investors that became evident as of 1974.

Argentine-Bolivian Trade

During the 1970's trade between Argentina and Bolivia increased by 500 percent in constant dollars. This rise was due more to Argentine purchases (which jumped from just \$11 million in 1970 to more than \$350 million at present) than to Bolivian purchases, which climbed from \$16 million in 1970 to about \$120 million currently.

As we can see from these figures, our country is running a heavy trade deficit with Bolivia: some \$250 million at present. A year-by-year look at the figures shows that there are wide swings in trade between the two countries, especially in Argentine purchases.

Mutual Importance

With regard to the importance of bilateral trade in the total trade of the two countries, Argentina has become a major client of Bolivia's, accounting for about 30 percent of its sales.

As a supplier, Argentina is less important; its sales account for about 20 percent of Bolivia's total purchases.

Argentine exports to Bolivia account for less than two percent of our total exports, and imports from Bolivia also account for slightly less than two percent of our country's total imports.

Trade Itemization

At present, 95 percent of Argentina's imports from Bolivia consist of gas, with the remaining 5 percent made up of various kinds of lumber. Until 1979 our country bought tin and crude oil from Bolivia.

Argentina is now the number one buyer of Bolivian gas, having displaced the United States. Bolivia is Argentina's almost sole supplier of this product.

Our country's exports are more diversified. The main items are wheat, wheat flour, farm machinery and miscellaneous machinery. Bolivian purchases in the latter two categories have become quite important, although they are a minor line of our exports.

Bilateral Relations

There are various technical, economic, financial and cultural cooperation accords between the two countries, but it is noteworthy that activities are at a standstill. Among the projects deserving mention are the Campo Duran-Tarija microwave link between the two cities and the Padcaya-Bermejo roadway.

The most significant development in the field of cooperation is unquestionably the two lines of credit that the Central Bank of the Argentine Republic awarded to Bolivia so that it could purchase Argentine goods. The first was granted in February of this year; it is for \$20 million with a 3-year payback period (including 1 year of grace) and at an 8 percent annual interest rate. The second, which was recently approved, is for \$50 million and will be used to purchase capital goods.

ALADI

As we know, the two countries are members of ALADI, which held its Sixth Evaluation and Agreement Conference in Montevideo in August.

There are three types of preferential treatment under ALADI. First, under an agreement replacing national lists, our country grants tariff deductions, which in the case of lumber, for example, are between 70 and 90 percent. In other words, if the item is subject to a tariff of 100 percent in Argentina, only 10 to 30 percent of it will apply if it comes from Bolivia.

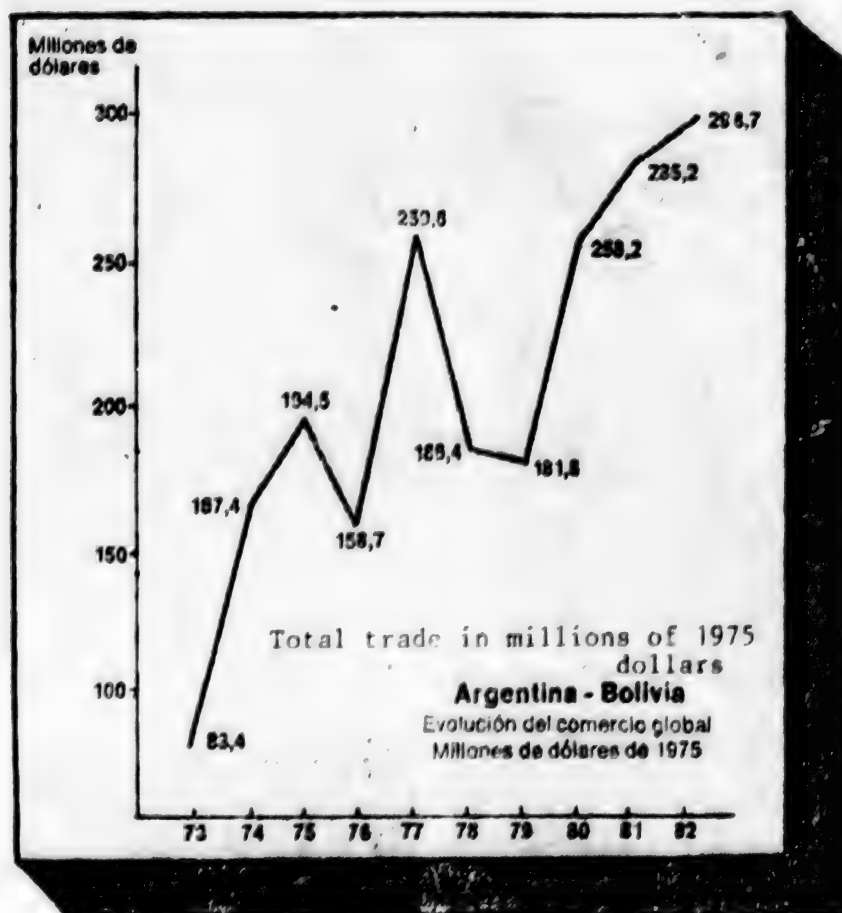
Second, under Resolution 24 of the Montevideo Conference, because Bolivia is a poor country, it is entitled to unilateral preferential treatment for certain amounts of certain products (2,500 hectoliters of beer a year, 1,500 cubic feet of lumber, \$90,000 a year of miscellaneous aluminum products).

Lastly, as of April of this year, a so-called open market was established for poor countries like Bolivia; this means that our country exempts certain Bolivian goods (various foodstuffs, lumber, prefabricated housing, etc) from import duties.

Because these agreements took effect just recently, we cannot yet draw conclusions as to their effectiveness.

As a final note, direct Argentine investment in Bolivia totals \$3.3 million, although there are unregistered operations in this area. Bolivia's investments in Argentina total \$2.6 million.

We should point out that as a result of our country's payment problems, it owes Bolivia some \$70 million for gas imports.



8743

CSO: 3348/52

UNTAXED CENTRAL AMERICAN PRODUCTS FLOOD SALVADORAN MARKET

San Salvador EL MUNDO in Spanish 21 Oct 83 p 36

[Text] Merchants are asking for more effective controls over the shipment to this country of products from various countries in this area and Mexico. No taxes are paid on the products, and they constitute unfair competition with local goods, say the merchants who are affected by the practice.

They point out that ad hoc merchants, most of them Guatemalans but some Salvadorans, travel in and out of our country constantly, bringing a wide variety of products and practically flooding the Salvadoran market.

One more detail, they add, is that these merchants take goods back and forth to Guatemala, Honduras and Costa Rica, without the Central Reserve Bank having any control over the movement of these foreign reserves.

In addition, informers contend that those hardest hit are the sellers of goods that have entered the country properly. Their activities have been severely curtailed, which translates into a dramatic decline in the commissions they receive for their sales.

The sources indicate that among the products smuggled in are cosmetics, canned food and juices, pulps for food and industrial uses, soap, candy, shampoo, effervescent products, and many others.

They point out that with the illegal entry of so many goods, aside from the unfair competition they pose to local importers, there is a risk that some products may be adulterated or decomposed, which presents a threat to consumers' health.

For these reasons, they feel the appropriate authorities should take some action to put a stop to this flow of goods, which has such an adverse effect on normal, legal commercial activities that take place in the country. Moreover, the Treasury suffers because taxes and duties are not duly paid.

As an indication of the above, they cited reports that are constantly appearing in newspapers about massive smuggling of a wide variety of goods that are already available legitimately in this country.

8926

CSO: 3248/121

BRIEFS

CUBA TRAINS L.A. GUERRILLAS--Investigations by the armies of Colombia and Venezuela have established the internationalization of subversion in Latin America. It was revealed yesterday that the guerrillas that are operating in different countries are trained in Cuba. It has also been verified that Tupamaros from Uruguay, members of the Venezuelan "Red Flag" movement and the so-called "National Liberation Army" of Colombia have acted together in the recent incidents on the Colombian-Venezuelan border. [Text] [Bogota EL SIGLO in Spanish 22 Oct 83 p 1A] 7717

CSO: 3348/42

CAMILION EXAMINES FACTORS AFFECTING RELATIONS WITH U.S.

Bahia Blanca LA NUEVA PROVINCIA in Spanish 8 Oct 83 pp 2, 3

[Text] The relations between Argentina and the U.S. today, as always, have specifically bilateral components. Also as always, those relations exist within a regional and worldwide context. Forming part of that context are the status of the U.S. as a superpower and its increasingly relevant role in the field of security, in the present stage of the technological revolution, in the world financial system, and in the production of goods and services. At this point in 1983 the outstanding features most worthy of emphasis are the following:

1. Latin America in general and South America in particular are moving toward a cycle of restoration of the constitutional and democratic institutions. This cycle bears some relation to the one that took place towards the end of the decade of the 1930's. During those years, the dictatorial regimes of conservative and traditional type fell apart one after the other, and in practically all of South America elected governments were established. In some countries, such as Colombia and Venezuela, that stage was the starting point of stable governments that have lasted until the present time with reasonable solidity. In the decades of the 1960's and the 1970's, there were military reactions in almost all of South America, even in countries with a long-standing democratic tradition, like Uruguay and Chile. At the beginning of the 1980's, the present tendency began to suggest itself, with the elections in Peru and Ecuador and with the opening of the political process in Brazil. After this, the Bolivian military regime collapsed and had to bow out. The war of the Malvinas critically undermined the Argentine military power and forced the present call for elections. There will be elections in Uruguay next year, and in Chile the rhythm of the [political] opening is accelerating, certainly at a faster rate than what the government of Gen Pinochet expected.

2. In Central America the panorama is strongly conditioned by the evolution of the Nicaraguan regime and by the civil war in El Salvador. The elections in Honduras and Costa Rica and those taking place in El Salvador itself were characterized by a high degree of participation. Nevertheless, the dominant action in the region has taken place in the military field. The intervention of Cuba, as well as that of the United States, gives shape to events of increasing relevance. The actions of the countries that make up the Contadora Group demonstrate that the internal evolution of nations cannot be isolated

from the general context of the region. Aside from the problems of regional and worldwide security posed at the present time by the situation in Central America and its increasing importance within the framework of the East-West confrontation, everything that may happen there is destined to have an influence on the South American political processes in the same way that the events that took place in Cuba during 1962 did earlier. It can be considered as a fact of current Latin American politics that the confrontation in Central America radicalize the extremist tendencies in the rest of the hemisphere.

Terrorism and Narcotics Traffic

3. The activity of the terrorist groups does not exhibit the intensity and scope that it did during the years immediately following the launching of the so-called Latin American Solidarity Organization (OLAS). Nonetheless, in the case of El Salvador, the persistent actions of the subversive groups have reached the magnitude of a civil war, something that did not occur in any situation during the decade of the 1970's. In South America, the situation in Peru as well as that in Colombia are instances in which the activity of the subversive organizations seems at this point to be beyond the state's ability to control it. There is no more doubt about the international ties of those organizations. A new element, particularly troubling, is the apparent connection existing between terrorist groups and drug-trafficking organizations. Lately, the development of the production and commercialization of cocaine and marijuana has become an unprecedented fact in Latin American politics, as a result of the political and economic power that those organizations have acquired, totally disproportionate within the national framework of the countries of the region. Even laying aside the possible link between terrorism and the narcotics traffic, the increase in this latter activity poses a problem of alarming proportions in some ways directly connected to the relations between the United States, practically the only market of the drug producers, and Latin America.

4. The democratic cycle of the 1950's took place during a worldwide economic and commercial growth stage. Latin America took part in that cycle. Moreover, it did it at a growth rate considerably higher than the world average. With some exceptions, like Argentina and Uruguay, the Latin American nations experienced a very rapid growth in their per capita income. This process originated because of significant changes in the productive structure: Industrialization as well as new ways of exploiting agriculture and livestock production made unquestionable progress in the region. During this cycle an impressive process of internal migration took place that caused the growth, often explosive, of the cities. The rural population diminished as a percentage of the total population, although sometimes its absolute size increased as a result of the increase in the birth rate. This apparently favorable situation did not prevent the political violence mentioned above. For this reason it seems extraordinary that the new democratic cycle is taking place during the worst crisis recorded in the history of these countries. This crisis can be characterized as the worst in the history because it happened after the social revolution that took place during the last two decades and therefore in societies that are much more vulnerable. During 1982 per capita production in all of Latin America, with the exception of

Panama and Cuba, decreased in absolute terms. The present year will be much worse, with dramatic depressions in Mexico, Venezuela, Brazil and Peru. In this last country the gross national product threatens to decrease by 10 percent and the industrial product even more. All this is happening in the midst of a chaotic financial and monetary situation, with inflation rates higher than 300 percent in Bolivia and Argentina and of the order of 150 percent in Brazil and Peru.

Foreign Debt

5. The most unusual fact of the economic picture is foreign indebtedness. The foreign debt poses a specifically Latin American problem and affects all of the countries in the region. In all the cases, including the apparently less severe ones like that of Colombia, foreign indebtedness has a common characteristic: it cannot be confronted under present conditions. In fact, in nearly all of the cases the borrowed capital has been consolidated, at least partially. This has not happened with the interests, which practically all the countries find it impossible to pay. The Mexican example, presented today with all kinds of praise from the international financial community, the same sectors that last year angrily denounced the crisis in that country, will bring Mexico, at the end of the year, to a circumstance of a similar or even larger debt with an economy considerably smaller. The insistence on applying high positive interest rates that also involve risk payments which, combined with commissions and bank fees, are at the moment higher than the U.S. inflation rate, shows the absurdity of the situation and its untenable character. As a distinguished Latin American politician says, the impossibility of paying the present regional debt is not a problem of a political or economic nature but an accounting problem.

6. The policies adopted for confronting the foreign debt are leading, in most of Latin America, to the necessary efforts to correct bureaucratic excesses and totally unjustifiable expenses in the public sector as well as to the elimination of conspicuous consumption by private individuals that was never justified. Also being examined is a process of annihilating extremely valuable productive assets, as well as a dramatic decline in indispensable social services. The fact that these adjustments are being made in societies that have worked towards the already-mentioned urbanization presents completely new problems of foreseeable seriousness, the more so since they appear simultaneously with the ongoing opening of the democratic process. The ECLA [Economic Commission for Latin America] calculates at this moment that in most cases not until the year 1990 will the Latin American countries in general regain the per capita income they had in 1980, an estimate that in some countries like Chile extends to 1995. In general terms, a new phenomenon of unemployment has begun to take place in Latin America, which is added to the traditional joblessness and the old well-known underemployment, a phenomenon that is creating whole sectors of classless people whose potential for social disturbance it is unnecessary to point out. In fact, several Latin American countries show dangerous symptoms of social explosion.

7. The economic gap between the United States and Latin America has widened dramatically during 1983. At the end of this year the North American Gap will

be ten times greater than the sum total of the GNP of Argentina, Brazil and Mexico. To this should be added, as a most important fact, the qualitative jump that seems to be taking place in the present stage of the industrial revolution, which can be considered a new revolution and which poses interesting questions about the position of Latin America, and especially of its most developed countries, in the framework of world jobs and occupations, as well as the viability of the model for development applied up to now. Since this model for development has been closely linked to the activities of the U.S. government and of that country's businesses and banks, it is the whole economic relationship between Latin America and the United States that is being questioned, whether it be in order to restate the conditions that made it possible up to now or to explore completely different ones. The questions are posed even in the field of food production and the production of raw materials, which has particular importance for the relation between Argentina and the United States.

Regional Security

8. The problems of regional security revolve, as usual, around Central America. The prospect of an increase in United States intervention in the region, as well as the possibility of a victory of the guerrillas in El Salvador, have strong destabilizing implications. Facing this apparently negative prospect, it seems as if the only possible solution for Central America is negotiation. This explains the general interest with which the action of the Contadora Group has been received. Nevertheless it is worthwhile asking whether this foreign intervention has any possibility of success in the case of El Salvador barring a change in the present military standstill, and whether, in that case, the measure to be carried out would be anything but a mediation between the conquerors and the vanquished. In this last instance, if the vanquished side happens to be the present government, it is fitting to ask about the impact that the resulting strategic imbalance would produce in the entire hemisphere.

9. Problems of security exist in the region and they do not boil down simply to those of Central America. What seems to have disappeared is the System for Collective Regional Security. It does not seem feasible that under the present conditions one could successfully take recourse in the Inter-American Reciprocal Assistance Treaty (TIAR). The Malvinas war has certainly contributed to this, but one wonders whether, aside from that conflict, it would have been possible for the United States to invoke the Treaty of Rio to deal for instance with the present case of Nicaragua. Without doubt, the general rule at the present time in Latin America is political and ideological pluralism. It is fitting to ask whether in a similar situation the problems of security occurring in the region can be dealt with by a system of regional security.

10. The Malvinas war and its outcome have introduced a new and anomalous problem on the continent. The previous dispute between the Argentine Republic and Great Britain regarding sovereignty posed an implicit problem to the system, of a permanent character. Article 8 of the OAS [Organization of American States] charter attests to this. The Second Consultation Meeting of the Foreign Ministers, which took place in Havana in 1940, made it obvious

that European colonies in America presented potential security risks. Nevertheless the present case of the Malvinas is completely new, because what characterizes it is the presence in the islands of a British military force that is capable of attacking the mainland territory and that consequently confronts a country of the system with a security problem different from what it had previously. One should understand that for Argentina, which believes that the Malvinas are part of its territory, the present state of affairs is completely unacceptable. At the same time countries like the United States, which do not accept the Argentine position in matters of sovereignty over the Malvinas but do not reject it either, cannot but recognize that what is happening at the present time is different from what was occurring before, and eventually it will be dangerous to the regional peace and security. This was demonstrated a short time ago by the thorny diplomatic incident that occurred as a consequence of the landing of British airplanes in Brazil for the purpose of refueling, a procedure whose repetition is being pushed again by London. The not to be discounted possibility that the United Kingdom might, in effect, install a permanent military base in the islands, which are within the perimeter designated by the TIAR, poses an unanswered question, whether or not it is believed that this treaty has lost its practical effectiveness.

The points summarized above can be augmented with additional ones. Nevertheless they suffice to summarize the ten commandments of the present and complicated reality of the continent that constitute the framework into which the bilateral relation between Argentina and the United States is projected. The complexity of this scheme is evident: a march toward political democracy; war and threats of strategic instability in Central America; terrorism and drug trafficking; generalized economic depression; a foreign debt impossible to pay under the present circumstances; unprecedented unemployment and social disturbances that threaten to explode; a widening of the gap between the United States and Latin America and an apparent crisis of the Latin American model for economic development; collapse of the TIAR and new security problems after the Malvinas war are the most outstanding facts of the present panorama. The challenge is evident and the imagination and the effort needed to confront it will have to be large. For the first time since the end of the war, the risks are considerably bigger than the promises.

9907

CSO: 3348/25

NATO ROLE IN INCREASED TRADE RELATIONS WITH USSR REVIEWED

Buenos Aires LA PRENSA in Spanish 13 Oct 83 pp 1, 4

[Commentary by J. Iglesias Rouco]

[Text] Two big conceptual mistakes seem to be directing the new Argentine relations with the Soviet Union today. In the first place, there is the idea that the notable lack of equilibrium in the balance of trade between the two countries demands that Argentina make special political and economic concessions to the USSR if it wants Moscow to continue being its principal commercial partner. In the second place, that Argentina can become the principal food reserve of the USSR without incurring reprisals from the West on this account.

If one takes into consideration that foodstuffs, and in particular the strategic grains, constitute along with the Helsinki Accord (human rights policy) one of the principal instruments of defense, and even of harassment, of NATO against the Warsaw Pact, this last realization becomes frankly alarming, inasmuch as it is precisely the Soviet weakness in relation to foods that still provides the western nations with a wide, systematic margin for political and military negotiation with the East. Therefore, NATO will never be able to accept or even tolerate that a country like Argentina without any political or strategic ties with the West, might find a solution, without more ado--and it can easily do so--of one of the most important Soviet problems. Which means that if Argentina is seeking to benefit from the needs of the Soviet market and thus smooth out the structural deficiencies of its own economy, it should do this within the context of a global political and military understanding with NATO, so that its sales to the USSR may not turn into a threat to the political or military order of the West. If it does not do this, its commercial dealings with the East will be interpreted--they are already being so--as an act of hostility, and not only by the governments but by North American and European public opinion. Over 8 years ago we witnessed in Brussels, the center of the EEC, popular demonstrations against Third World exports, organized by socialist unions and parties, which saw in such exports--frequently real cases of dumping--international political maneuvers promoted by the USSR with the purpose of undermining social stability in the West. So there is a mood of hostility in the wind against the Third World. Countries ruled by totalitarian political systems, and even cultures that are openly fascist, will not be able to protect themselves from the reaction of

Europe and the United States by the mere argument of their poverty. Remember that Mussolini's Italy was also poor.

The Soviet Harvest

Between 1979 and 1982 Soviet production of cereals decreased by more than 70 million tons per year. In 1981 the USSR was forced to import nearly 50 million [tons of grain] from the West. If it had had ports, transportation, warehouses and adequate distribution channels at its disposal, it would have bought even more. The failure of the 1981 and 1982 Soviet harvests was absolute, to the extreme that Moscow decided not to publish official figures. Western specialists estimate that last year's [crop] did not exceed 170 million tons. A better production of about 200 million tons is expected this year, but nonetheless this is a quantity that will not meet the objective of the 5-year plan, which aims for a minimum of 238 million tons. As a result the Soviet deficit will be almost 40 million tons, which will force Moscow to keep on buying grain in the West. As an example, for this reason the Soviet Government has just signed a treaty with the U.S. Government by which [the Soviets] have increased their base annual acquisition of grain in the United States from eight million tons to nine. To summarize, what should be understood in Argentina, and the sooner the better, is that the sale of grain to the USSR does not require any type of political or economic compensation--and it does so with the United States and western Europe--for having a more or less steady source of supplies like Argentina today.

The RAPO (Raykom Agro-Industrial Association)

For the coming years the Soviet prospects do not differ substantially from those of previous years, in spite of the national foods program bequeathed by Brezhnev to Mr Andropov after the purge of ministers and planners carried out by Brezhnev shortly before his death. Basically such a program is an adaptation of the reforms set in operation by Hungary and Bulgaria, by means of which both countries were able to increase production in less than 5 years. The Soviet national plan is based on a network of 3,000 regional agro-industrial associations (RAPO is the Russian acronym), which, besides linking production with the food industry and the supply, or the supply markets--all of it under only one administration--offers to each level of the system a portion of the foods produced. These RAPOs, which began to be established last February, interfere with local decisionmaking--although general objectives are set in Moscow, as always--including the fate of some of the invested funds. The "brigades without quota," which receive plots of land for free cultivation, including the use of tools along with a share of the earnings, also function within this plan.

Success as a Threat

Nevertheless there is a threat to this program: its success. More valuable harvests and better supplied markets no doubt will diminish the pressures that have been applied for years on the entrenched bureaucracy of the agricultural planning associations, and so that bureaucracy, which is opposed to any reform, will wind up by regaining its political authority and will try to

subject the RAPOs to its judgments, the only way it can keep its privileges. In other words, just as it is in Europe and in the United States, in the USSR freedom also produces wealth. But in the USSR wealth breeds bureaucracy. And bureaucracy does away with the wealth. As for the rest, the RAPOs have an original sin within them: they were conceived by a political power toward which the Russian peasant has always felt reticent if not decidedly hostile. The "kulaki" learned the lessons from Stalin a long time ago. The humorous cartoon circulating at the present time throughout the European socialist countries is thus not surprising: At a Soviet port several ships are unloading large amounts of grain coming from the United States, Canada, Australia, Argentina, and so on, all of them identified by their respective flags. Two Soviet citizens observe the scene and one asks the other: "Hey, Ivan, when everyone is a communist, who the hell are we going to buy wheat from?"

We repeat: it is essential that the parties and the chiefs of the armed forces--the latter being really responsible for our economic dependency on the USSR, in spite of the fallacious westernization of the process--weigh carefully the Soviet reality regarding this matter and especially the political and strategic criterion with which NATO confronts it. For the time being, nobody here is showing signs of completely understanding the dimensions of a relation which, without the necessary precautions, can lead us to a new disaster.

9907

CSO: 3348/25

LOCAL ORGANIZATIONS DEPLORE EARLY DEVELOPMENTS IN GRENADA

DLP Statement

Bridgetown BARBADOS ADVOCATE in English 20 Oct 83 p 1

[Text]

At its first meeting since the Annual Conference last night the executive Council of the DLP approved the following statement:

The Democratic Labour Party wishes to express its deep shock over the callous and brutal murder of Mr. Maurice Bishop, his colleagues and other Grenada leaders and citizens, and demands that the perpetrators of this vicious crime against the people of Grenada should not go unpunished.

The DLP will support any measures calculated to bring the criminals to justice and calls for immediate international action to relieve the Grenadian people from the scourge of Stalinist dictatorship.

The criminal action in the streets of Grenada today is one of the most inhuman and disgraceful events in the history of the Caribbean and it is vital that the instigators be ostracised from the

rest of the Caribbean and be given no succour or shelter within its shores.

The people of Grenada were beginning to make significant strides under Maurice Bishop and would have fared even better when he re-established constitutional government as he promised and seemed prepared to do.

The DLP condemns unequivocally the savagery which, amongst other things, confines women and children, the

sick, the hungry, and the incapacitated to their homes for four days or any other period without access to the normal amenities of existence such as food, water, and medical care — or from even burying their dead.

No self-respecting Barbados Government of any political persuasion should have anything to do with a regime in Grenada of the kind that has been inflicted on the unfortunate people of Grenada.

Walcott Remarks

Bridgetown BARBADOS ADVOCATE in English 22 Oct 83 p 3

[Text]

The "barbaric and cruel actions" taken in Grenada this week smack of the early Bolshevik uprisings in Russia, General Secretary of the Barbados Workers Union (BWU), Mr. Frank Walcott has said.

Yet he believed the two revolts differed in that Grenada was a "bread-fruit revolution", where dissidents were individually "picked off from the trees."

Mr. Walcott, who was speaking at a press conference at the BWU Headquarters yesterday, said, "We in the union deplore the barbaric and cruel action of the despotic elements that have captured the innocent people

of Grenada." He said the BWU was "diametrically opposed" to the actions taken by "the so-called Totalitarian leaders whose intention is to subjugate the people of the Caribbean."

Mr. Walcott said the Union planned to take firmer action, together with other trade unions of the Caribbean, when the Caribbean Congress of Labour (CCL) meet in Barbados next month. He added that "a matter of such dimensions" would be better dealt with when trade union leaders from throughout the region came to a consensus arising out of the up-coming meeting.

The General Secretary, who was taking a "wait and see" attitude, said

they would not rush into a reaction without knowing the full extent of the situation. "As it now stands," he said, "the news is still fresh and bloody," and the situation required more evidence before a definitive response could be made.

The Heads of Government in the Caribbean, he said, "have a serious

responsibility now", and he hoped there would be a meeting regarding Grenada, "without any vacillation." He also believed a halt in trading was not necessarily the most appropriate response to the situation, since it would create more hardship on the people.

BIGWU Position

Bridgetown BARBADOS ADVOCATE in English 22 Oct 83 p 3

[Text]

The horrendous, uncivilised, criminally insane acts perpetrated by Bernard Coard, Selwyn Strachan and Hudson Austin, all of whom owe their political positions to Maurice Bishop, must not only be condemned in words but condemned in action.

This strong statement was made yesterday by the Barbados Industrial and General Workers Union (BIGWU).

BIGWU said: "we must find an urgent way to put an end to this political Jonestown. The revolution of the man (Bishop) and his people has been betrayed and destroyed and what has been put in its place is a system by men with lust for power."

"We of BIGWU suggest to Caribbean Governments the following — All monies from the Eastern Caribbean authorities

must be suspended to the Revolutionary Military Council; Grenada must be suspended from any connection with LIAT and only special LIAT flights must be allowed into Grenada for humane reasons; Trade between all Caricom states and Grenada must also be suspended; All diplomatic discourse with Grenada must stop; The doors to all Caribbean

states must be open to all Grenadians leaving Grenada under the present conditions; A meeting should be called of the Organisation of American States to suspend Grenada's membership to that body; an urgent meeting of the security council should be called and the immediate intervention by a United Nations force comprising of Caricom countries should be dispatched to Grenada immediately."

MONALI Reaction

Bridgetown BARBADOS ADVOCATE in English 25 Oct 83 p 9

[Text]

The Movement for National Liberation of Barbados has expressed its sincere and deepest regret over the tragic events that have developed over the past week in Grenada. MONALI also said it

wanted to express its heartfelt sympathy to the family of comrade Maurice Bishop, other leading members of the New Jewel Movement and to the families of other Grenadians who have lost their lives.

The Movement said it opposed vehemently the use of the present tragic circumstances to justify the violating of the sovereignty of the Grenadian people, a strategy presently being cooked up by US and British imperialism.

"This strategy is not out of any concern for the deaths of Grenadians but to revenge the challenge that the Grenada revolution has posed to US and British monopolies."

CSO: 3298/132

TEXT OF WARD'S THRONE SPEECH AT REOPENING OF PARLIAMENT

Bridgetown BARBADOS ADVOCATE in English 18 Oct 83 p 4

[Text]

Government said yesterday it was now in the process of finalising the grant of a licence for the exploring of oil off the north coast of Barbados.

This was one of the programmes planned over the next five years which were disclosed by Governor-General, Sir Deighton Ward. At the opening of Parliament yesterday.

Following is the full text of the Throne Speech.

Mr. President and members of the Senate: Mr. Deputy Speaker and members of the House of Assembly. It is with deep regret that we note the absence from today's ceremony, of His Honour the Speaker of the House, The Honourable Member for St. Peter, who is recuperating from a serious illness which befell him some months ago. My wife and I join his family and many other friends and associates in wishing him a speedy and full recovery.

2. Since the end of the last session of Parliament, plans have been under preparation for the renovation and refurbishing of the Chambers of both Houses with a view to improving the facilities for members for conducting the people's business. It is hoped that the improved facilities, which have been requested by Members, will be available shortly.

3. Indications are that Barbados is on its way to recovery from the world-wide economic slump, and our economy has shown some signs of improvement during the first half of the current financial year. It is expected that real, albeit small, economic growth will be realised during 1983, so reversing the trends of the past two years.

4. The fiscal and monetary strategy adopted by my Government has resulted in an improved balance of payments position so far this year, while the policies of unemployment insurance and welfare assistance have served to cushion the hardships on the

population resulting from economic recessions. This year, there has been a sharp decline in the rate of inflation and the most recent figures on the rate of unemployment are lower than at the same time last year. Government revenue for the first half of the fiscal year increased by some 20 per cent over that collected for the similar period of the previous financial year, while the increase in current expenditure was contained at only 6 per cent.

5. The strengthening of the public finances has meant that all of the International Monetary Fund targets have been met, and the remaining targets are also expected to be met.

6. My Government has prepared a new Development Plan for 1983-88. It will continue its export-led growth strategy in the new Plan period and will use the economic and social base, which was laid during the last Plan period, as a springboard for generating further development from the country's limited resource endowment.

7. The newly formed Barbados National Oil Company has met with success in its drilling programme for oil and gas, and will continue the programme. The National Petroleum Corporation will upgrade and expand its distribution system and will seek to increase its sales for industrial purposes. A new Petroleum Winning Operations Act modernising the law relating to exploration and production of petroleum will shortly be introduced into Parliament. My Government is now in the process of finalising the grant of a licence for exploring for oil off the north coast of Barbados.

8. The Wind Energy project will shortly start and the possibility of feeding this power into the national electricity grid is being explored. Further, the generation of energy from solid waste is being investigated, and so too is the generation of wave energy.

9. My Government recognises the crucial role which Transportation plays in the social and economic life of the community. It further recognises that although our road network has served us well for over two centuries, it has not been adapted and developed to serve fully the needs of our modern industrial society. It is now necessary to undertake substantial investment in the construction of our new roads. The improvement of existing roads, already in progress, will be intensified in order to service the new industrial and commercial developments which are rapidly springing up across the country.

10. My Government proposes to construct a major new Industrial Estate Access Road which will commence at the roundabout at Paradise, Black Rock, and traverse the southern portion of the island and will terminate at Grantley Adams International Airport. Construction will start in the New Year.

11. The Arawak Cement Plant in St. Lucy is nearing completion and should start to produce cement by mid 1984. The shale for the manufacture of the cement will be quarried at Greenland, St. Andrew, and it is proposed to upgrade the road system from Greenland to the cement plant. The improved road system will also serve the new brick factory and the two sand quarries at Walkers and Springfield.

12. At this point, I am happy to say that the Prime Minister of Trinidad and Tobago has graciously agreed to participate in the formal Opening of the Cement Plant later next year.

13. My Government proposes to continue with its programme of improvement of subsidiary and tenantry roads and will continue to devote a major portion of the Transport levy funds to this purpose.

14. My Government proposes to construct a modern garage and new administrative complex for the Transport Board. Steps will also be taken to improve its management capability and the programme of upgrading the fleet strength will be continued.

15. Agreement has now been reached on the use of the Shallow Draught Facility at the Bridgetown Port and the Inter-island vessels which now berth in the Careenage will shortly be transferred to the Shallow Draught.

16. Bearing in mind the important role of Air Transport Services in relation to the development of tourism, an aviation policy will be pursued which will ensure the highest level of airline capacity in Barbados' major tourist markets. Support will continue

to be given to efforts towards regional arrangements for air transport in the Eastern Caribbean, and the continued development of the regionally controlled and operated airlines will be facilitated. New Air Services Agreements with the United Kingdom and Canada are being negotiated.

17. The tourism industry experienced a downturn in 1981 and 1982, the major cause being the onset of international economic recession. However, there are indications that the economies of the major metropolitan countries, especially the USA, are on the road to recovery and this has been reflected in the improvement of local tourism this year.

18. In order to consolidate our share of the tourist market and to improve our competitive position, the Government will emphasise the qualitative aspects of the industry during the new session and will take steps to maintain the standards which it sets. Hotel management companies will be brought under legislative control.

19. My Government recognises that many small hotel establishments have become marginal economic operations. In consultation with its financial institutions, it will promote mergers between the marginal operations with a view to achieving cost savings, greater efficiency in operations and improving their economic viability.

20. My Government will encourage the development of full service hotels outside of the high density areas on the west and south coasts while de-emphasising the construction of apartments which are at present in adequate supply.

21. It is my Government's aim to have the normal hours of work of shop assistants reduced from 42 to 40 per week; and within the next few weeks legislation will be introduced into Parliament to provide for more flexible hours of opening and closing of shops and the conditions of employment of shop assistants. Such changes in shopping hours will also relieve the pressure on public transport.

22. A Bill providing for greater security in employment, as well as a Bill seeking to outlaw discriminatory practices in employment, will also be introduced into Parliament shortly.

23. A draft White Paper on Industrial Relations has been prepared and circulated to the trade unions and employers' associations for comment. It is hoped to receive those comments shortly so that the White Paper may be finalised and laid in Parliament.

24. Steps are being taken to computerise the records of the National

Insurance and Social Security Department so as to improve the general administration of the scheme and collection of contributions, and especially so as to facilitate prompt payment of benefits.

25. The expansion of vocational training will continue, with emphasis on the apprenticeship programme. The Skills Training Programme will be reviewed and adjusted so as to ensure that it continues to serve its purpose of providing short-term intensive training to meet current needs in the labour market.

26. Sport will continue to be promoted at the widest possible level, and sport facilities will be expanded. Incentives will be provided with a view to retaining and utilising the services of talented Barbadian sportsmen in the region.

27. My Government will continue its policy of providing welfare assistance to needy persons. In this respect there will be a close liaison between the Welfare Department and the National Employment Bureau. All Welfare programmes will be rationalised in order to ensure their availability to a wide cross section of eligible persons.

28. The philosophy informing the Child Care Board's policy will be the provision of permanency in each child's life leading to the development of the child's full potential. It is my Government's intention to continue to seek innovative and effective measures towards this end. It is accordingly planned to utilise the newly built Haynesville Day Nursery in St. James as a multi-purpose Child Care Centre. This Centre will service the residential and day care aspects of Child Care and will also be a centre for Parent Education Group Programmes.

29. My Government maintains that access to health care services is a basic human right. It is therefore its aim to ensure that all phases of the National Health Service will be fully implemented by December, 1984. My Government's policy for the National Health Service continues to be that every person in Barbados should have access to health services free at the point of service and that every person should be able to go to the doctor of their choice.

30. In the area of Mental Health, my Government proposes to develop a sound community based mental health service integrated into the Polyclinics along with the necessary home care and other primary health care services. With the community based programme in operation, it is proposed to build a new Psychiatric Hospital on modern principles, providing a higher standard of care and supervision of psychiatric patients.

31. Further to my Government's policy on the care of the elderly, emphasis will be given to the implementation of a programme to ensure that as far as possible old people can be maintained in their families, homes and communities with the relevant social and health services taken to them.

32. A safe environment continues to be of great concern to all peoples. My Government is aware of the potential health hazards which are likely to arise from the existence of derelict properties and the improper disposal of sewage. It has built and commissioned the Central Sewerage System for Bridgetown and has instituted an intensive campaign on the cleaning up of derelict properties. In order to protect the south and west coasts and also our water system along the Belle area, my Government proposes to sewer the south coast and the Bell by mid 1985, and the west coast thereafter.

33. In keeping with my Government's commitment to law reform, the laws relating to consumer protection will be strengthened and the laws on Gambling and related topics will be revised and consolidated during this Session. Legislation will be introduced to reform various areas of the criminal law, including the law of evidence, sexual offences against children, and theft.

34. The Crime Prevention Panel will continue to serve as a link between the police and the public, and the Royal Barbados Police Force will be encouraged to revitalise the Police Boys and Girls Clubs.

35. Plans for the National Youth Service to be conducted by the Barbados Defence Force are now well advanced. Initially, the training will be voluntary, embodying all existing youth groups in the island. Volunteers will be expected to complete 240 hours of youth service over a two-year period. A programme of voluntary trade training for young people will also be undertaken.

36. My Government is committed to the Regional Security System and the Barbados Defence Force will continue to assist the Government in honouring its obligations under this Agreement. Further courses involving security co-operation with regional partners are planned in the coming months.

37. Expanded training will be provided to members of the Defence Force in order to improve its capability to carry out its functions of air and maritime surveillance. The Force will assist in the management of Aero Services Company which is now owned by the Government. It is intended to make maximum use of all aircraft in training in Search and Rescue when

Aero Services aircraft are not required for commercial contracts.

38. As a follow-up to the construction of the Coast Guard base at Willoughby Fort, my Government plans to carry out improvements and extensions to the Pierhead. These will not only improve the Base Facilities but will bring the area into harmony with the Carlisle Bay plan which is currently under consideration.

39. Legislation will shortly be introduced to provide for the grant of the status of permanent resident to persons who are not otherwise citizens of Barbados, but are the children of women who are citizens of Barbados by birth. It will also provide for the grant of immigrant status to the children of immigrants.

40. A new Citizenship Act will shortly be introduced to streamline the legislation relating to citizenship. Provision will be made for persons who are citizens of Barbados by descent to be issued with a specific certificate of citizenship.

41. My Government will continue to participate actively in the regional integration movement of CARICOM since it is convinced that economic integration is the only viable option for Caribbean States as they seek to promote the social and economic development of their people. It will also continue to co-operate with its regional partners to remove impediments to the expansion of trade within the Caribbean Common Market; and it will seek to have the Common External Tariff critically examined with a view to improving the effectiveness of its tariff protection against third country imports of sensitive products.

42. In the field of international economic relations, my Government will continue to support efforts to reach a new International Sugar Agreement. It will work for a successor agreement to the Lome Convention to secure better terms for exports of industrial and agricultural goods and commodities as well as to seek assistance for tourism development. Barbados will use the provisions of the Caribbean Basin Initiative to increase its exports to the United States.

43. With the completion of the new General Post Office next year, the programme for providing improved postal facilities will be continued. Participation in the equity of a locally registered company to provide external telecommunications services is being negotiated with Cable and Wireless (West Indies) Ltd. A new radio complex will be constructed at Whitepark, St. Michael, and a new satellite earth station will be constructed for the television service.

44. The National Cultural Foundation will be established before the end of the year as the executive arm of the Ministry of Information and Culture, responsible for the stimulation and development of cultural programmes.

45. My Government proposes a new thrust in housing. It will encourage and facilitate private developers and individuals to assume the initiative in the production of units, especially for the low-income families. The Government will expand its role in making land available on which the houses can be built. It will place emphasis on a Sites and Services programme under which vacant land will be prepared for housing through lot division, installation of water, roads and drainage. These lots will be sold on generous terms to prospective homeowners.

46. Government will continue to provide housing accommodation for renting and has in fact identified a number of locations for the development of multi-storeyed apartment buildings. A comprehensive restoration programme for the several housing estates of the National Housing Corporation will be undertaken.

47. Full agreement has now been reached with the United States Agency for International Development for a \$20 million housing programme. It will be conducted in accordance with my Government's new thrust and will provide for new homes, home improvement and expansion, and purchase of lots under the Tenantry Freehold Purchase Act.

48. Graeme Hall Swamp will be developed. It will include park and recreational facilities and improvement of the adjacent villages at St. Lawrence and Top Rock.

49. My Government will continue to stimulate agricultural development. An Agricultural Development Act will shortly be introduced into Parliament. This will emphasise the export of non-sugar agricultural products and consolidate and update the existing incentives for the agricultural sector.

50. In this new Parliamentary Session, legislation will also be enacted to help law enforcement agents to deal in a more positive manner with the problem of praedial larceny.

51. Renewed efforts will be made to promote and expand local onion and peanut production and other domestic fruit production. A National Fruit Orchard is in the process of being established.

52. Farmers will be encouraged to increase their output of beef and mutton, and support will be given to institutions to set up feed lots systems.

53. The advisory services available to the sugar cane farmer will receive the

full support of the Government crop protection services in an intensified effort to eliminate pest and disease problems.

54. My Government will speed up the implementation of the Rural Development Project. This is aimed not only at agricultural diversification and the improvement of living standards of small-holders and tenants, but also at delivering such vital services as credit, irrigation and tillage.

55. The Government's thrust in the development of the fisheries sector will be heightened with the construction of a new fishing harbour in Bridgetown, a new fishing terminal at Speightstown and the upgrading of other fish landing sites around the island. Legislation will be introduced for ensuring the safety of fishermen at sea.

56. The reports of the National Advisory Commission on Education which was set up earlier this year are expected to provide a basis for re-examination of a number of areas of present educational activity, and my Government will consider them with this in view.

57. To enable private schools and private educational institutions more easily to provide education of satisfactory quality, opportunities will be made available for the training of teachers from these schools at the Erdiston Teachers' Training College.

58. My Government is convinced that there can be no more delay in providing Barbadians with the basic skills to enable them to operate and service effectively the hardware and software

components of the computer and to attain a knowledge of this relatively new development. It therefore proposes to include this important subject in the curriculum of its Secondary Schools.

59. The programmes of the Barbados Community College and the Samuel Jackman Prescod Polytechnic will be more closely harmonized so as to reduce duplication. Particular emphasis will be laid at the Polytechnic on training for the electronic industries and trades while the College will provide opportunities for middle-management and semi-professional training.

Mr. President and members of the Senate:

60. I have the honour to inform you that, acting on the advice of the Prime Minister, I have today appointed Mr. Owen Seymour Arthur, Research Fellow of the Institute of Social and Economic Research of the University of the West Indies, to be a member of the Senate in the existing vacancy. The new Senator subscribed to the appropriate oaths earlier today and awaits the opportunity to take his seat amongst you.

Mr. President and members of the Senate:

Mr. Deputy Speaker and members of the House of Assembly:

61. I have outlined to you my Government's programme for this new session of Parliament, and I extend to you my best wishes in your new Parliamentary Session and pray that the blessing of Almighty God may rest upon your counsels.

ADAMS INTERVIEWED IN WASHINGTON, ASSESSES MID-TERM PROGRESS

Bridgetown THE NATION in English 14 Oct 83 p 5

[Interview with Prime Minister Tom Adams by Tony Best]

[Text]

IN a matter of months if not weeks, the Barbados Labour Party Government would have reached the mid-point of its second term.

For Prime Minister, Mr. Tom Adams, the first half of the term has not been the best of times. Some cases in point.

First, there was the economic crisis. Next was the controversy over the International Monetary Fund. These were followed by a cabinet reshuffle; cabinet ministers making public statements which were critical of their predecessors; the prolonged absence of the Speaker of the House of Assembly, Mr. Burton Hinds, from the chamber; the abrupt departure of Dr. Don Blackman from the cabinet; and the firing of Mr. Waldo Ramsay from the Senate.

Thus, the obvious question: what next?

When the Prime Minister visited the United States capital recently to attend the annual joint meeting of the World Bank and the IMF, we put that question and many more to him.

What follows is an edited version of the interview.

NATION: What do the next two and a half years hold for the people of Barbados?

PM: The government is putting physical development as its most important initiative over the next two years. Housing is our social and developmental thrust; road building is an important infrastructural necessity in Barbados; and we will be developing a national health service.

In addition, we will be expanding the coverage of the unemployment scheme.

NATION: One of your ministers just departed from the Cabinet. Do you think that departure could have long-term serious repercussions for your government?

PM: I am not prepared to comment in any way on the matter.

NATION: There is a vacancy in the Ministry of Health. When do you plan to make a permanent appointment?

PM: I did state earlier that I would be making no comment. You really would not expect that I would tell you something which I would have to discuss with the Governor-General.

Please do not make the assumption based in your question that I may not be the Minister of Health on a permanent basis. I am not saying yes or I am not saying no. I am also not saying when and I am not saying if.

NATION: People are speculating as to your party's success in the next election. Are you fearful that you could lose the election?

PM: I have to be very careful with the press of this matter. I was trying to give some heartening words to my constituency branch to explain the factors that will help the Barbados Labour Party to win the next election and in the middle of all of these heartening words I was saying that I never make predictions and, even if I did, I would not make them two years in advance.

A week is a long time in politics as Harold Wilson (former British PM) said. Two years is an age. Just wait and see.

NATION: People are saying the government has made a series of mistakes in its second term, thus not coming across in the "great combination" fashion of the first five years. What's your response?

PM: Barbadians have never been ones to mute their criticisms. I do remember that in 1978 when the government stood in time to its then election victory in vote, I was in the same position as you and I stand now that there was a by-election in St. Michael South-Central after which the people wrote us off. I say no more.

NATION: You mention by-election. Prime Minister, are we going to have a by-election in St. Peter?

PM: Why did you chose St. Peter, why not St. John? I think there is just as much likelihood of a by-election in St. John as there is in St. Peter.

NATION: We know that the Speaker of the House of Assembly, Mr. Burton Hinds, is not 100 percent in terms of his health?

PM: I have no access to the medical records of the 27 members of the House of Assembly and therefore I am in no position to say who is 100 percent or not. I am obviously not going to comment on whether there is going to be a by-election.

At a human level, I have control over whether there is going to be a by-election in only one seat and that is St. Thomas. There is no other seat over which I have control. I don't intend that there will be a by-election in St. Thomas and I hope the Lord agrees with me.

NATION: Let's go back to your development programme. What are the projects which are receiving the most attention?

PM: The Central Bank building is going up; the cement plant will come on stream; the Heywoods project will open; and the roads are being built.

NATION: You were in Washington for the IMF and World Bank meetings. What about the results of your trip?

PM: During the period I was in Washington, I have held talks with a number of people. For instance, with international bankers; businessmen; the World Bank itself and representatives of the Fund and with the Finance Minister of Canada (Narc Lalonde). With him we discussed the question of future representation of the Caribbean in the Fund and in the World Bank.

NATION: What was the highlight of the annual meeting from your standpoint?

PM: The opening ceremony is always very important. I listened to Mr. (Ronald) Reagan (United States President) with interest. I will look forward to seeing whether or not his hopes will be fulfilled that the American budget deficits will be reduced without new taxation and that interest rates will be held down.

NATION: In your speech to Barbadian nationals in Washington you spoke about the millions of dollars in the unemployment fund, what changes are being contemplated?

PM: We will make it easier for people to get unemployment relief.

OPPOSITION SPOKESMAN TELLS DLP 'PEOPLE ARE DISSATISFIED'

Bridgetown BARBADOS ADVOCATE in English 17 Oct 83 p 1

[Text]

Dr. Richie Haynes, Opposition Spokesman on Finance and Planning, in an address yesterday to the St. John Branch of the Democratic Labour Party, said at no time during his lifetime has he witnessed such widespread dissatisfaction in our community as exists today.

He said every day one hears complaints about the cost of food and shelter, water, electricity and gas, housing, private and public transport, education and health services, welfare, unemployment, poor business performance, crime, drugs, gambling, inadequate wages, taxes — in fact all those things which impact in one way or another on our daily lives.

"The Government, on the other hand, seems to be content that it has passed the IMF tests without realising the damage done to the entire community by pursuing its present policies.

Dr. Haynes said it extracted revenue from its citizens by varying means, and boasts of its success, adding it had cut back its expenditures in vital areas of national life, leading to many of the problems confronting us daily."

"Its propaganda machinery seems to persuade us that prices and unemployment are on the decline.

despite the fact that the daily experience of each and every one of us indicates that this is not so."

"It proudly announces sharp rises in our foreign reserves without telling the nation that they consist largely of debts owed to us under a non-functioning Caricom Multilateral Clearing Facility, borrowings and illiquid assets," the Opposition Finance spokesman said.

Dr. Haynes said that the only IMF Test which the Democratic Labour Party is interested in hearing the Government pass is the one passed by paying off the IMF and recapturing the sovereignty of this nation.

"As the Government gets deeper and deeper in the business of passing these quarterly tests, there will be more and more suffering in the country. The numbers will look better, our creditors will be satisfied, while every social and economic variable in Barbados will be altered for the worse. Now that it is happening before our eyes and we are feeling the pressure more and more as each day passes, it has become a lot easier for most of us to understand the full implications of the IMF imposed fiscal programme," said Dr. Haynes.

CSO: 3298/132

TRADE WITH TRINIDAD UNDER SCRUTINY; MANY VOICE CONCERN

Activity in Port-of-Spain

Bridgetown THE NATION in English 12 Oct 83 p 1

[Text] The Barbados Government has put its not-fully established Barbados Embassy in Port-of-Spain to work for it in the looming trade dispute between the two islands, following Trinidad's new get tough policy.

Mr. Ricardo Browne, counsellor in the Barbados Embassy in Trinidad, which has not yet established offices there, left for Trinidad recently and has been given specific instructions to get all the "detailed definitive information on the practicabilities of the procedures."

The new embassy is to be headed by foreign office official Mr. Ruall Harris who is yet to go to Trinidad to present his credentials. Minister of Trade, Mr. Bernard St. John confirmed yesterday that the Barbados embassy official has been put to work for the country on this thorny issue around Trinidad's curtailment of foreign currency outflows.

Mr. St. John said after a meeting with local manufacturers and exporters at this office:

We have authorised the counsellor, of the Barbados Embassy in Trinidad to go to the Central Bank of Trinidad and send us immediately the information which we can bleed so that we can work out our position." [as published]

The deputy Prime Minister said that the Government had also been in contact with the Export Promotion Corporation's (EPC) agent in that country who was expected in Barbados yesterday evening.

"We feel that an effort has to be made to ensure that the free flow of trade under the Treaty of Chaguaramas will continue, and we have not heard-- and I will be in touch with the secretariat in Georgetown as to whether Trinidad is invoking Article 28 or indeed any article of the treaty," St. John said.

He said it was obvious that Trinidad was having difficulties at the moment as its oil revenue has been greatly reduced.

"Also, it must be remembered that Trinidad is a large exporter to CARICOM. Trinidad exports more to Barbados than Barbados exports to Trinidad and I believe the situation is so with many of the territories, so that any problems that they have with leakages of foreign exchange through luxurious imports, I don't believe came from CARICOM," he added.

The minister said that all consultants with local concerns should be completed by tomorrow morning, and by tomorrow night the position of Barbados should be known to Trinidadian authorities.

Asked what impact the austerity measures were likely to have on local manufacturers, St. John said he did not have any information on this, only allegations. He explained that any time new bureaucracy was introduced in trade, it slowed down this trade.

Said St. John: "I am satisfied that our trade with Trinidad from January 1 to now, is slightly in excess--some two percent in excess of what it was last year.

"So the introduction of licences, although it may have caused difficulties that were not there before, it has not had any dramatic effect on the trade."

He further explained: "Trinidad has not devalued. Trinidad has not introduced a two-tiered system. As I understand it, what they have done is to programme their imports and there is nothing so far to suggest to me that the programming of their imports will interfere with CARICOM trade.

"I have to get evidence. I can't go by allegations."

Criticism of Trinidad Stand

Bridgetown BARBADOS ADVOCATE in English 15 Oct 83 p 1

[Text] Acting President of the Barbados Manufacturers Association (BMA) Mr. Basil Forbes says it is outrageous for a Trinidad and Tobago businessman to call for a ban on all regional goods entering Port of Spain.

In addition Mr. Forbes suggested that problems confronting CARICOM must be solved to prevent a collapse of the regional integration movement since that could lead to a collapse of individual countries. [as published]

The comments by Mr. Forbes followed a call for the ban by Mr. Matthew Gonsalves, President of the Trinidad and Tobago Garment Manufacturers Association.

The call by Mr. Gonsalves has come when Trinidad and Tobago's regional trading partners were holding talks to discuss dislocations anticipated in the wake of a move by the George Chambers administration in Port of Spain to reduce spending on inessential imports. The BMA met Thursday night.

Mr. Chambers said his Government planned to cut back on foreign exchange allocations for imports of essential items with the island's Central Bank now assuming the role of agent for granting approval to importers to buy foreign exchange.

In reacting to the call for the ban, Mr. Forbes said:

"My reaction would be first of all to ignore this since no Government in its right senses would be thinking of banning Caricom goods."

He said the BMA had been in the forefront vanguard of bringing to the forefront re-labelling, illegal entries of goods, and the types of manipulations we've been having.

"So we are the first persons who first started the whole thing and the result of this has now mushroomed into a situation where a commission has been set up headed by Mr. White of Trinidad and Tobago..."

Mr. Forbes said none of the Caribbean governments wanted to see CARICOM go.

According to him: "CARICOM cannot die because if CARICOM dies, we all die together."

BMA Action

Bridgetown BARBADOS ADVOCATE in English 19 Oct 83 p 1

[Text] After a lengthy and heated session yesterday to discuss the implications of the austerity measures introduced by Trinidad and Tobago to curb foreign exchange outflow, the Barbados Manufacturers' Association said it was summoning a meeting of trade organisations and workers' representatives.

Mr. Henry Vierira, BMA president, told reporters at the end of four hours of talks at the Rockley Resort Hotel, that the proposed meeting between that organisation, the Chamber of Commerce and the Barbados Workers' Union, the largest private sector union, should be held before the end of this week.

He said they will be sitting down and attempting to "thresh out the situation", "which could mean loss of jobs for thousands of Barbadians. [as published]

Call for Improved Relations

Bridgetown SUNDAY ADVOCATE in English 16 Oct 83 p 2

[Text] Dr. Richie Haynes has declared that the events of the past six months have reinforced his belief that there is a need for a major diplomatic effort to re-establish the good relations which Barbados and Trinidad have traditionally enjoyed.

In an address to the St. Thomas Branch of the Democratic Labour Party last Thursday night, Dr. Haynes recalled that earlier this year he had called

on the Prime Minister Tom Adams, to desist from threats of using "harsh words" in negotiations with Trinidad and Tobago.

"It is futile to seek to blame others for our own negligence in the supervision of our affairs in the Caricom Multilateral Clearing Facility," said Dr. Haynes, "and the time has come to devote more thought to the future of CARICOM trade."

"The volume of trade within CARICOM will always be circumscribed by the level of consumption which the participants can afford, and this becomes more evident when one realises that nonessential goods constitute a considerable proportion of trade within the region.

"As it now stands, Barbados, Jamaica and Guyana are already in IMF programmes and now Trinidad and Tobago is embarking on a series of adjustment measures.

"All these programmes are designed, as one of their objectives, to reduce the level of imports in each country and the challenge is to ensure that adequate provision is made for trade within CARICOM."

Dr. Haynes said that this can only be achieved if the Governments in the region work towards a better understanding and this would reduce much of the suspicion which has surfaced in recent months.

"The inter-linkages between the Barbados and Trinidad economies underline the need to appreciate that a successful adjustment by Trinidad is in our own interest. Recent experience has shown that oil-based economies like Trinidad and Tobago, with all the distortions generated by heavy balance of payments surpluses over the years, are conspicuously resistant to the usual adjustment measures," said Dr. Haynes.

"We must therefore," said Dr. Haynes, "through diplomatic initiatives, seek a formula which would maintain our share of the Trinidad market without the tensions and anxieties being experienced by our manufacturers and the energy package which I published recently might well be even more relevant now."

CSO: 3298/133

MINISTER PROMISES BOOST FOR AGRICULTURE; CROPS DECLINE

Cheltenham Report

Bridgetown SUNDAY ADVOCATE in English 16 Oct 83 p 1

[Text] Agriculture Minister Dr. Richard Cheltenham has reported significant progress in some areas of the Agricultural sector here and promised with continued Government assistance to further enhance these areas.

In a message marking World Food Day which is being observed today in more than 150 countries, Dr. Cheltenham said both Government and farmers working together had ensured that food production was given a pride of focus in recent years.

He pointed to the area of fresh milk where dairy farmers had increased production from 2.2 million kilograms last year to 2.5 million kilograms this year.

In addition eight million pounds of fish were caught this year compared with seven million pounds last year, while for the second year in succession the country has not imported one pound of tropical vegetables.

"Rather we have exported hot and sweet peppers, okras, yams and potatoes, carrots and tomatoes to countries both within the region and beyond," Dr. Cheltenham said.

In relation to the dairy sector, the Minister said he expected that with Government's continuing assistance with pasture development, loans from the Dairy Revolving Fund, improved breeding stock and generous incentives, the increase in milk production will continue.

He anticipated too that in the coming fishing season an additional 12 ice boats will be put to sea and the catch was expected to increase significantly, while the country can expect the production of more vegetables since the rural development programme and the Spring Hall Land Lease Project were beyond their teething problems.

The goal in fishing is to become as near self-sufficient as possible, he said.

Dr. Cheltenham hoped that the WFD activities would have touched Barbadians to have them appreciate the significance of the theme "Food is our security" and inspire them towards greater food production and security.

Continued Falloff in Planting

Bridgetown THE NATION in English 11 Oct 83 p 20

[Text] During last month the acreage of food crops planted on plantations in Barbados continued to decline, making September the third consecutive month for this trend so far.

In its monthly report the Barbados Agricultural Statistical Information Service (BASIS) noted that a total of 231 acres were planted during September with 87 acres of ground provisions and 144 in other food crops, including onions and peanuts.

According to BASIS this represented a 16 percent decrease on total acreage and a 42 percent decrease for ground provisions when compared to August.

The report said that if the acreages of onions and peanuts were excluded, the acreage for other crops also declined 16 per cent.

It stated that the reduced acreage for ground provisions could be attributed to the reduced acreage of eddoes and yams; while for the other crops, reduced acreages were recorded for beans, beets, carrots, melons and okras.

However, it pointed out that when compared with August, a larger percentage of these crops was under irrigation and high yields could be expected.

In its price commentary for last month, the report noted that prices increased 3.2 percent over August. Vegetables prices increased by 2.8 percent, ground provisions by 9.2 percent and seasoning by 0.1 percent. Only fruit recorded a small price decrease of 3.2 percent, it added.

CSO: 3298/133

RADIO PANELISTS DISCUSS POSITIONS OF POLITICAL PARTIES

Similarity of Views

Bridgetown BARBADOS ADVOCATE in English 10 Oct 83 p 1

[Text] Economist Frank Alleyne says that the philosophical gap between the Barbados Labour Party (BLP) and the Democratic Labour Party (DLP) was widening, a view however not shared by four of his colleagues in a radio programme yesterday.

The five participants, Alleyne, Senator Wendell McClean, Senator David Simmons, Dr. George Belle and Mr. Eric Sealy discussed the political scene in Barbados with reference to the likely formation of a new political party.

The programme was the Voice of Barbados' Point at Issue.

Mr. Alleyne said that the present BLP administration was moving more and more towards conservative policies and "I mean conservative in the sense of the word".

He said that was not to say that the other party, the DLP, was radical or was a socialist organisation but rather a liberal democratic party.

"But I think the gap between the two parties is wide enough to serve the varying interests of people in the society", Mr. Alleyne said.

Political activist Eric Sealy held a different opinion stating there was an identity and similarity between the two which he said made it necessary for a third party to be formed to fight the system being represented by the BLP and DLP.

Political scientist Dr. George Belle was in agreement, saying that philosophically there was no big difference.

He said there was a difference in emphasis in determining the priorities of how development should take place which he said can make at times a significant difference to the appreciation of the two parties.

Dr. Belle noted that if one looked at the ideology which guided the two parties, "in a way we would have only one party in Barbados because both of them are supposed to be social democratic parties and they certainly put that forward..."

But according to him: "...we have our own views as to which one is more genuinely social democratic or which one is more conservative, etc..."

Senator Simmons said that at the moment people in Barbados appeared satisfied with the two existing parties.

He pointed out there was a closeness in philosophy between the two with the point of departure being the style in leadership and personality.

Senator McClean accused both of being first and foremost concerned with themselves.

He did not think their policies had become more divergent and that over the years the country had been given the opportunity to see the similarity with greater clarity.

PDM Status

Bridgetown BARBADOS ADVOCATE in English 10 Oct 83 p 1

[Text] Exonomist Frank Alleyne and founder member of the now defunct People's Democratic Movement (PDM) said he was convinced that many of the members of that party had no interest whatsoever in developing that body.

Speaking in a radio programme yesterday, Mr. Alleyne said "many of them retained dual membership, dual membership in the sense that they were members of another political party and never relinquished that membership."

He said they went into the PDM to use it as a vehicle to dislodge the then Democratic Labour Party (DLP) Government.

Mr. Alleyne said that subsequent events had proved that and contended that the cry for a third political party in Barbados was not that simple and straight forward.

The PDM was formed in 1975 and unsuccessfully contested the two by-elections in St. Philip North and the City.

It subsequently formed part of an alliance that contested the 1976 General Election, and ceased to operate sometime later.

THE DLP lost power in 1976.

CSO: 3298/134

BRIEFS

BLACKMAN ON CENTRAL BANK--Governor of the Central Bank, Dr. Courtney Blackman has said that Barbados can afford to build a \$60 million central bank because most of the major projects being undertaken by Government are either finished or near completion. "The Central Bank project will take up a much welcome slack," Dr. Blackman said yesterday at the corner stone ceremony at the new bank's headquarters in Church Village. He said the rate of expansion of the project would not have a significant impact on the country's economy. He said construction was six weeks ahead of schedule and so far Government had spent \$9 million. "I am told we are in budget and I hope we can continue..." Six of the 12 towers for the building are already finished, and by next Wednesday the other six will be completed. Dr. Blackman also announced that an auditorium, capable of seating approximately 500 people would be added to the complex. He said the auditorium would be used as a lecture and conference hall and it would be available to groups for diverse purposes. Said the governor: "The bank should belong to the people, or appear to belong to the people." [Text] [Bridgetown THE NATION in English 13 Oct 83 p 1]

ONION ACREAGE--Some 30 acres of onions have already been planted in Barbados and by early December a total of 80 acres are expected to be fully under cultivation. According to Mr. Chris Burgess, Peace Corps officer attached to the Food Crop Farmers Association of the Barbados Agricultural Society, there are 16 estates scattered throughout the island plus ten farmers of the Spring Hall Land Lease Project who are involved in onion production this year. Mr. Burgess, who recently conducted a number of surveys in this sector, said that planting was being done in stages (staggered planting) so that all of the onions would not be reaped at the same time. His most recent survey was conducted last Thursday, and he noted that the "Hybrid Golden" variety now being grown had stood up to the heavy rainfall of the past weeks very well. Germination, Mr. Burgess added, had been quite good on the majority of the estates, except two, which had subsequently been replanted. Farmers with irrigation facilities are expected to begin planting next month, and these will include those at the Spring Hall project. The onion crop will be ready for reaping by next January. The season will last until May. [Text] [Bridgetown THE NATION in English 13 Oct 83 p 1]

HOUSING PROJECT--A \$12 million housing project of some 192 apartments, housed in eight blocks is to be undertaken next year, at Church Village in

Bridgetown, near the Central Bank site. This was announced yesterday by Prime Minister Tom Adams, in an address, after laying the corner-stone for the new multimillion dollar bank now being built. Expanding on a statement he made recently in the United States about urban renewal, the Prime Minister said the plan envisaged clearing the existing Church Village area and erecting the apartment blocks. He noted that most past house building efforts by the National Housing Corporation (NHC) catered for families requiring two and three-bedroom units. However, experience, he said, had shown that there is a real and growing need for single bedroom units, not only as a result of the growing trend among young Barbadians to move away from home at an early age, but for single middle aged people. [Excerpt] [Bridgetown THE NATION in English 13 Oct 83 p 1]

NEW SENATOR--Owen Arthur, 34, research fellow of the Institute of Social and Economic Research of the University of the West Indies (UWI), has been appointed to the Senate. And he took his seat in the Upper Chamber yesterday shortly after his appointment was announced by Governor General Sir Deighton Ward in the Throne Speech. The new senator had taken the appropriate oaths earlier in the day at Government House. Mr. Arthur, a former chief project analyst in the Ministry of Finance and Planning, replaces Dr. Waldro Waldron-Ramsay, whose appointment as a senator had been revoked on September 8. When the Senate reconvened for its first meeting, shortly after the Throne Speech, Mr. Arthur was welcomed by senate president, Sir Arnott Cato. And the new senator replied thanking the President for his welcome. Mr. Arthur, an old Harrisonian, attended the Cave Hill and Mona Campuses of the UWI. He holds the MSc (ECON) degree. He was, for five years, director of the Jamaican Economic Planning Agency. He was, for two additional years, also director of the Jamaica Bauxite Institute, an agency which formulates policy for the bauxite industry. [Text] [Bridgetown THE NATION in English 18 Oct 83 p 1]

FOREIGN EXCHANGE RESERVES--Barbados had \$202.6 million in foreign exchange reserves at the end of August, more than \$80 million over the same period last year Central Bank statistics show. The reserves position, which reflects a reviving tourism industry and a multi-million-dollar Agreement with the Inter-national Monetary Fund (IMF), was \$2 million better than at the end of July. At the end of July there were \$200.6 million in foreign exchange reserves. The reserves in August last year were at \$119.5 million. Total tourism arrivals reached 227 979 persons at the end of August, a 5.2 per cent increase over the same period last year, due mainly to a steady increase in arrivals from the United States. For August, arrivals totalled 30 420 persons, an increase of 3.7 per cent over the corresponding month last year. Tourist arrivals from the United States in August rose by 46.3 per cent over last year's August to 9 085 persons. Up to September 9 Barbados had drawn down about \$70 million from a \$98.6 million agreement with the IMF-covering a standby arrangement and a compensatory financing facility. [Text] [Bridgetown BARBADOS ADVOCATE in English 14 Oct 83 p 1]

INDUSTRY APPEAL--The Barbados Manufacturers Association yesterday asked government to institute a three-point plan to save the local garment industry from collapse. In a statement issued after a meeting of its garment

group, the BMA said government should immediately ban the importation of garments from outside the Caribbean Community (CARICOM), suspend import licences granted or being processed from third countries, and implement stiff sanctions for those making illegal imports. These, it said, may include heavy fines and jail sentences, confiscation and destruction of goods, and prohibiting convicted businessmen from operating any kind of business in Barbados. The industry is facing an immediate total collapse if no immediate assistance is given," a spokesman for the garment group said. [as published] He said that the CARICOM market with the restrictions imposed by Jamaica, Guyana and recently Trinidad and Tobago, was disappearing. Extra regional markets had been lost because local garments had been uncompetitive. This left the local market. "We feel it is in the interest of the large workforce involved and the foreign exchange expenditure that we secure our home market immediately," the spokesman said. [Text] [Bridgetown BARBADOS ADVOCATE in English 20 Oct 83 p 1]

CSO: 3298/134

AGRICULTURAL COMMISSION ISSUES PROPOSALS TO REACTIVATE SECTOR

Cochabamba LOS TIEMPOS in Spanish 28 Oct 83 p 6

[Text] The Agricultural Policy and Land Settlement Commission of the Chamber of Deputies has put forth a series of recommendations for reactivating the farm sector and streamlining the disbursement of funds under the Emergency Plan.

The commission members disclosed several reasons why the plan is not proceeding more quickly.

The commission maintains that government institutions and producers must coordinate immediately to reactivate the farm sector, amend credit policy, streamline loan-granting, set prices before the plantings, streamline the projects of the involved organizations and eliminate the middleman.

The commission also proposed follow-up monitoring to make sure that loan proceeds are not siphoned off, differential interest rates for small farmers and reviving the Agricultural Bank. It also recommended that commercial firms not be allowed to function as middlemen by purchasing dollars at 200 pesos to import inputs and then market them at the floating rate. It proposed utilizing the Development Corporations to import seeds and other inputs.

Reasons

In explaining its suggestions, the commission pointed out that the financing for the summer and winter Emergency Plan totals \$61 million and that the financing base was the Emergency Plan formulated by the Agricultural Policy Commission of the Chamber of Deputies, the development corporations and the departmental directorates of the MACA. The loans are channeled through the Agricultural Bank and private banks.

They explained that due to inflation and chaotic production costs, the Central Bank increased the financing by \$37 million or 7 billion pesos to 19 billion pesos or \$98 million.

At the start of the summer planting there are 10.3 billion pesos in the Central Bank that must be disbursed immediately. The commission's report points out that the most important part of the Emergency Plan is the summer planting, and in this regard "it is vitally important that all monies be disbursed immediately and that the remaining \$37 million be contracted for because it is badly needed for the purchase of seeds and other inputs."

If some \$300 million in financing is secured from international agencies, the planting needs on all of the country's arable land will reportedly be met. The main crops are rice, corn, soy beans, potatoes, wheat, cotton, sorghum and sugar cane.

The breakdown of the total amount under the programs for the various departments is as follows: La Paz, 14.3 percent; Cochabamba, 15.8 percent; Chuquiasca, 9.8 percent; Tarija, 10.8 percent; Potosi, 11.7 percent; Beni, 0.5 percent; Pando, 0.4 percent; Oruro, 5.2 percent, and Santa Cruz, 31.7 percent.

There are two main reasons for the failure to use the rest of the money: the lack of programs on the part of the Development Corporations and the delays by the Bolivian Central Bank in arranging the loans.

The commission noted that these are the reasons why the scant funds available to date have not been put to use, adding that "more alarming still is that the summer planting season has started and most of the fields have not yet been readied for planting."

The commission therefore scheduled a working meeting with the Development Corporations, the Central Bank, the Planning Ministry and the MACA and has stressed the need to immediately invest the money available at the Central Bank and to pay attention to the financial needs of the corporations.

8743

CSO: 3348/54

FARMERS PROTEST DELAYS IN FULFILLMENT OF EMERGENCY PLAN

Cochabamba LOS TIEMPOS in Spanish 1 Nov 83 p 7

[Text] The peasant farmers in Chapare urgently need rice seeds for their prepared fields, as authorities from the Ministry of Campesino and Livestock Affairs have not made good their offer to provide seeds and loans under the Emergency Farm Plan, Secretary General Carlos Meneses reported.

The weather has been good for rice in Chapare because it stopped raining in July, and the peasant farmers who obtained rice seeds have good prospects. Most of them have not, however.

Meneses said that at least 500 quintals of rice seeds are needed; estimates are that this would yield at least 20,000 quintals of rice.

The peasant leader voiced his concern over the sales of rice donated by other countries, because the peasants in Chapare are not in a position to compete with such low prices.

He indicated that food donations must be administered carefully so as not to harm domestic growers, adding that the peasant farmers are also worried about Japan's announced donation of 100,000 tons of rice.

The Emergency Farm Plan provided loans and seeds for corn growing in Chapare, but the farmers who want to grow rice have not received any sort of assistance, and their lands are once again sprouting weeds.

The National Rice Enterprise has begun selling rice to union organizations and housewives at 6,500 Bolivian pesos a quintal because it was classified as second-grade rice. According to peasant farmer leaders, however, it should change its policy in the future when the rice harvests begin coming in in Chapare.

8743

CSO: 3348/54

GOVERNMENT TO ADOPT DRASTIC MEASURES AGAINST STRIKERS

Cochabamba LOS TIEMPOS in Spanish 31 Oct 83 pp 1, 5

[Text] La Paz, 30 Oct (EFE)--The Bolivian Government will severely punish the political agitators who are promoting illegal strikes and work stoppages, which are an assault on democracy, Remmy Rosales, a political adviser to President Hernan Siles Zuazo, asserted today.

He stressed that the president would not remain impassive in the face of the political agitation that can be seen behind some of the strikes.

Last week the government ordered the Bolivian Air Force (FAB) into civilian airports to end the indefinite general strike that the airport administration unions had declared.

As far as the strike by government workers was concerned, he threatened to sanction and fire the strikers if they persisted with their extreme action, which they ultimately abandoned.

Strikes have been called in Bolivia over the last few days to force the government to approve wage boosts that will enable workers to cope with the high cost of living.

The top leader of the COB [Bolivian Labor Federation], Juan Lechin Oquendo, stated that the unions would be on the lookout for any economic decision that worsens the financial status of the masses and would take appropriate steps to defend them.

President Hernan Siles Zuazo's administration approved a supreme decree automatically adjusting wages when the cost of living rises more than 40 percent. The unions had been demanding such a measure.

The COB submitted economic studies that showed that the cost of living had gone up 57 percent and demanded a corresponding wage boost. An increase of 40 percent was finally ordered as of this October.

According to the estimates of government and private groups, the inflation rate in Bolivia so far this year totals 300 percent, as consumer prices have soared out of control.

Opposition political leaders have claimed that the Executive Branch will eliminate fuel and flour subsidies, which will prompt an automatic increase in the prices of all products and seriously hurt the working class.

The government fears a new wave of strikes and general work stoppages after it announces its next series of economic decisions this week.

8743

CSO: 3348/53

MILITARY CAPTURES GUERRILLA GROUP, WEAPONS

La Paz PRESENCIA in Spanish 26 Oct 83 pp 1, 11

[Text] Early yesterday morning near Luribay the army captured an armed group that had set up a training camp there about 6 months ago. The guerrilla group was captured in a "commando operation" at 3 am by troops from the "Calama" No 3 Armored Regiment headquartered in Patacamaya some 100 kilometers from the city of La Paz.

Among those captured were six Bolivians and one Peruvian. According to information from military sources, the Peruvian is the chief of the guerrilla group and has ties with the Shining Path subversive movement.

The military operation was carried out with the cooperation of local peasant farmers, who had on several occasions reported the presence of guerrillas in the Luribay area. A detachment from the Calama Regiment verified the existence of the guerrilla camp, and based on this information a military sweep was planned in the zone. Luribay is located in Loayza Province some 170 kilometers from La Paz. There is a road to the town of Luribay, but it is in poor condition, and the only link between there and other villages is a bridle path. The entire area is in a farming valley in which mainly grapes, as well as other fruits, are grown.

The Camp

The troops from the Calama regiment took the guerrillas by surprise in their camp as they were asleep. They had camouflaged the camp. The military operation was a success, as there were no casualties on either side and all of the guerrillas were captured. Modern weaponry was seized, including 3.5 bazookas, mortars, machine guns, antitank and antipersonnel mines, munitions, grenades, olive drab field uniforms and jungle boots. Military sources reported that a large part of the weaponry and ammunition was of Italian origin and that weapons similar to the ones that the army has provided the Interior Ministry for the police were also found.

In preliminary statements obtained at the Calama regiment in Patacamaya, the members of the armed group identified Luis Fernandez Flores as their commander. According to the military's account, it was learned that Fernandez Flores is a Peruvian national and has ties with Shining Path.

The guerrilla camp had reportedly been set up in late March of this year. The reason that it was established there was that there is no road to the smaller villages in Luribay. The topography and vegetation would help the camp to go unnoticed. This area is near the Independencia region in Cochabamba Department. It is linked by unreliable roads with the Caracato zone and the province of Inquisivi in the department of La Paz.

According to preliminary investigations, guerrillas received training in the use of light and heavy weaponry at the camp. Groups of them were apparently trained for 1 or 2 weeks and then replaced by others. This supposedly went on for almost 6 months, during which time the gunfire and continual coming and going of people worried the few local peasants.

List

The following is the list of persons captured at the guerrilla camp: Luis Fernandez Flores, 36, Peruvian, commander of the group; Walter Lafuente Penarrieta, 31, Bolivian, second in command; Gonzalo Loayza Fernandez, 30, Bolivian; Miguel Rodriguez Candia, 21, Bolivian; Jaime Eduardo Rivero Blanco, 23, Bolivian; Simon Tapia Chacon, 35, Bolivian, and Oscar Ruiz Caceres, 32, Bolivian.

The names were obtained during the preliminary questioning at the Calama Regiment in Patacamaya. The guerrilla group was transferred yesterday to Military Police Headquarters in La Paz, where its members remain under arrest.

Confirmation of Capture

The Armed Forces Chief Command issued a communique last night confirming the capture of the guerrilla group. It reads:

Communique from the Chief Command of the Nation's Armed Forces

CCG Miraflores, 25 October 1983

On Monday the 24th at about 1300 hours near the "Koloni" river in the town of Luribay (Loayza Province, La Paz Department), troops from an army military unit (Patacamaya) captured seven individuals who were carrying weapons, ammunition and equipment.

Investigations are presently under way to ascertain the political ends and other elements connected with this incident.

In compliance with the constitution, the nation's Armed Forces will safeguard the country's internal security and not permit the presence of armed groups that operate outside the law, regardless of the ideology they espouse.

Public Relations Department of the Chief Command

BRIEFS

SAN BUENAVENTURA PROJECT--La Paz, 28 Oct--It has been announced that next Monday the Competitive Bids Board of the La Paz Development Corporation (CORDEPAZ) will open up the bids for the outfitting and construction in San Buenaventura of an alcohol distillery and a plant that will produce feed for livestock from sugar cane byproducts. The Supreme Decree approved on the 17th of this month empowered CORDEPAZ to open the bids, which will be submitted by Brazilian and Mexican firms. According to the decree, CORDEPAZ is empowered to request that the firms that submitted their technical bids for the alcohol distillery and byproducts plant (for use in the northern agroindustrial complex) submit their commercial bids in compliance with the procedures stipulated in Decree-Law 15233. Through its Competitive Bids Board the La Paz Development Corporation will then proceed to have the plants built under the most favorable conditions for the country. CORDEPAZ has received bids from three firms: Schaffer y Asociados de Mexico S.A. e Industria del Hierro S.A. de Mexico; Dedini Metalurgica y Codistil S.A. de Brasil, and Fabricaciones, Ingenieria, Montakes S.A. (FIMS) de Mexico. The latter concern was asked to submit its commercial bids in sealed envelopes no later than 29 October. The bids will be opened up on 31 October. In early September Schaffer y Asociados de Mexico S.A. e Industria del Hierro S.A. submitted to CORDEPAZ a comprehensive bid for the processing equipment, the engineering, the steam generation and the electric power for an alcohol distillery and a plant to produce feed for livestock from bagasse. [Excerpts] [Cochabamba LOS TIEMPOS in Spanish 29 Oct 83 p 5] 8743

ENAF EMERGENCY FUND BLOCKED--The Finance Ministry has instructed the Bolivian Central Bank to block the emergency budget granted by the government to the National Smelting Enterprise (ENAF). According to the information furnished by authorities at the Mining and Metallurgy Ministry, the drastic measure will prevent the enterprise from continuing its reorganization program. Both the ENAF and the workers at the smelting plant face many other social and economic problems as well. As we will recall, the government granted ENAF an emergency \$10 million loan so that it could immediately begin a reorganization program to prevent work from grinding to a halt at the minerals smelting furnaces in Vinto. The loan was granted about 45 days ago, but before the corresponding

decree was signed, the ENAF workers declared an indefinite general strike and demanding that the government immediately resolve the problems that the enterprise is currently faced with. Neither the authorities at the Mining and Metallurgy Ministry nor the leaders of the ENAF were able to explain why the Finance Ministry ordered the ENAF emergency budget blocked. Nevertheless, the Mining and Metallurgy Ministry plans to meet in early November with the Association of Charcoal Industrialists and ENAF representatives to seek a solution to the problem of supplying raw materials for the Vinto smelting furnaces. The purchase of these raw materials comes under the budget that the Finance Ministry authorities have blocked. [Text] [La Paz EL DIARIO in Spanish 28 Oct 83 p 5] 8743

CSO: 3348/54

DOCUMENT OUTLINES 1983-84 STRATEGY TO SOLVE ECONOMIC CRISIS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Oct 83 p 42

[Text] In the meetings he held with leading international bankers a few days ago, trying to persuade them to participate in the new plan for financing Brazil's foreign debt, Central Bank President Affonso Celso Pastore presented them with a long document containing the main points of the government's strategy for solving its domestic and foreign problems. Essentially, the document consists of three main parts: domestic adjustment, control instruments and foreign adjustments.

In the introduction, Pastore lists the government's principal goals for this year and 1984. In reference to this year, he recalls that the principal measures adopted include drastic reductions in interest-rate subsidies, state-enterprise expenditures and consumer subsidies for products such as petroleum derivatives and wheat.

For 1984 the document foresees the monetary base growing by no more than 60 percent, with inflation in about the same range. Expansion of credit for the private sector is to be at the same rate as inflation. A decline in real interest rates is also expected, which will create conditions for economic recovery. The fiscal deficit, estimated at 2.3 percent of GDP [Gross Domestic Product] this year, is to be reduced to 1.7 percent.

Additional funds needed to close the 1983 balance-of-payments gap amount to \$3.8 billion, taking into consideration the refinancing operations through the Paris Club. For next year this amount is estimated at \$5.2 billion, taking into account the IMF program, the Paris-Club refinancing mechanisms and refinancing of repayments due international banks. With implementation of Phase II of financing the balance-of-payments deficit (which Pastore was to negotiate with the bankers), the nation--according to the document--will be in a "very comfortable" liquidity position by the end of 1984. The balance-of-payments deficit is expected to be about \$9 billion by the end of next year.

Domestic Adjustment

In the part referring to domestic adjustment, the document refers to the IMF criterion for estimating the public deficit, asserting that, measured by IMF standards, the operating deficit will fall from 6 percent of GDP in 1982 to 2.7 percent in 1983 and will achieve a small surplus in 1984. "Instruments of Control," one of the subitems in this part, reveals that the mechanisms for supervising state

enterprises have become more rigorous in order to make them less dependent upon tax money. Consolidated expenditures of these enterprises will rise 129.9 percent this year, which is less than the rate of inflation.

According to the document presented by Pastore, at the same time that the federal government's expenditures were being restricted, the debt of the entire public sector--including state and local governments--has also been subject to controls. To assure accomplishment of the planned results, an austerity program was put into operation, affecting the fiscal, monetary and state-enterprise budgets, as well as strict control of the debt of the federal and state governments.

"Positive results are already being achieved," the document states, "especially in the areas of implementing the fiscal budget and reducing the expansion of federal debt instruments and direct subsidies incorporated in the monetary budget."

Tax revenues this year should reach 11.4 trillion cruzeiros, a nominal increase of 146.6 percent and a real increase of 3.6 percent over the previous year. Direct subsidies, despite having been a "powerful factor of pressure" on the expenditures of monetary authorities in the first half of this year, are "presently" being brought under control.

Regarding the domestic debt of the federal government, Pastore says the economic program should bring about a real decline in the amount of debt instruments issued by the monetary authority. During the first 8 months of this year the domestic debt, including monetary correction of the ORTN [Indexed National Treasury Bonds] in circulation, increased 75.1 percent over 1982.

"Inasmuch as controls on the entire public sector were tightened," says the document, "the ceilings stipulated by the IMF will be fully complied with this year."

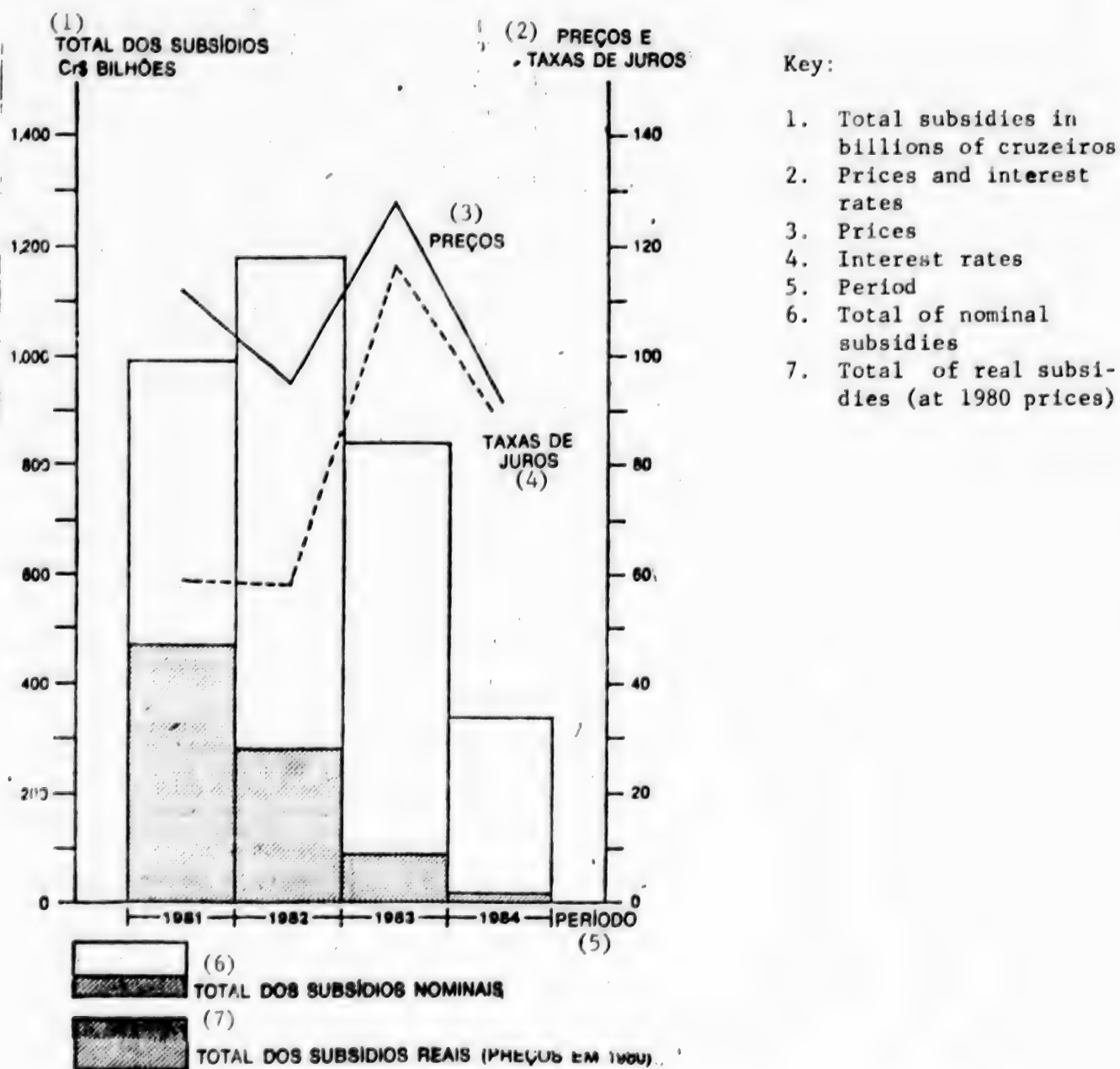
In the same item, the document also mentions the monetary policy put into practice by the government, citing the money supply, credit to the private sector, interest rates, domestic economic activity, macroeconomic aggregates, industrial production, agricultural production, prices, wages and employment.

For 1983, the principal objective of monetary policy is to hold growth of the money supply and the monetary base to 90 percent by the end of the year, even though inflation is expected to be over 150 percent. Gross National Product, as a consequence of the adjustment the nation is pursuing to restore economic stability, is unlikely to grow at all this year or in 1984, after having declined 1.9 percent in 1981 and increased 1.4 percent in 1982.

Although industrial output fell 1.1 percent in the 12 months ending in June, compared with the similar period the previous year, agricultural output is likely to expand 4.5 percent, resulting mainly from a recovery in coffee output (83.2 percent), a larger soybean crop (14.5 percent) and a steady increase in sugarcane output (15.7 percent).

The accelerated pace of inflation in the January-through-August period is attributed by the report to several factors, such as the maxidevaluation, the rains occurring in the southern part of the country and the corrective inflation resulting from

Subsidies to the Agricultural Sector



elimination or reduction of subsidies. For 1984, however, the government hopes that inflation will "continue with a sharply lower trend." In the part referring to wages, the document relates the major changes occurring from 1979, when wages began to be adjusted semiannually, until Decree-Law No. 2045, which has been rejected by Congress. The Index of Industrial Employment in Greater Sao Paulo "has shown a declining trend since November 1980," Pastore relates.

Foreign Adjustments

Under "Foreign Adjustments," the document asserts that, due to present conditions of the international financial market, the nation must attempt "a sharp reduction in the current-account deficit," from \$14.7 billion in 1982 to \$7.7 billion this year and \$6 billion in 1984. The increase in the current-account deficit, from \$6.9 billion to \$7.7 billion, was due essentially to higher interest rates and larger remittances under leasing contracts for machinery and equipment.

Regarding the trade balance, the document reports that the strategy of incentives for manufactured exports--especially maintenance of a realistic exchange rate--and the reduction of imports, "has had a favorable impact on Brazil's foreign trade." Moreover, the trade balance benefited from the recovery that has occurred in the industrial world.

Pastore adds that the \$6.3 billion surplus for this year exceeded by \$300 million the goal initially set by the government, which was \$6 billion. For 1984 the government's forecast is for a trade surplus of \$9 billion, projecting an increase in exports of 10.5 percent this year and 12.1 percent in 1984. For imports, a decline from \$19.4 billion in 1982 to \$16 billion this year and in 1984 was projected.

Regarding exchange-rate policy, the document says that with February's maxidevaluation Brazil was able to regain the competitiveness lost since December 1979, the date of the previous maxidevaluation.

In the last part of the "Foreign Adjustments" section, Pastore mentions the nation's debt, predicting that in 1983 and 1984 there will be a "pronounced reduction" in the growth rate of foreign debt. Expansion of the aggregate foreign debt, which was at a rate of 15.8 percent in 1982, will fall to 10.4 percent this year and 9.7 percent in 1984. By the end of next year, aggregate foreign debt will reach \$100.8 billion as a result of these reduced growth rates.

Brazil's projected cash flow for 1983, according to the document, will cover the \$3.7 billion balance-of-payments gap. To meet the IMF goal of no change in net foreign reserves, the monetary position of the Central Bank at the end of 1982 (\$938 million) must be restored and international reserves must increase \$454 million, "to compensate for the increased indebtedness of the monetary authorities this year."

#434

C30: 3342/20

TRADE ASSOCIATIONS HEAD PROPOSES NEW EXPORT POLICY MEASURES

Rio de Janeiro O GLOBO in Portuguese 25 Oct 83 p 20

[Text] A country such as Brazil cannot maintain a policy of import restrictions for very long, if only because it inhibits exports and the nation's economic development itself, it was asserted yesterday by Ruy Barreto, president of the Confederation of Trade Associations of Brazil.

Upon delivering the report on the Rio International Week to CACEX (Foreign Trade Department of the Bank of Brazil) Director Carlos Viacava, the entity proposed a series of measures for improving the policy to support exports, emphasizing:

- Maintenance of a realistic exchange rate to limit overvaluation of the cruzeiro;
- Letting the exporter keep part of the exchange proceeds for his own use or for resale;
- Gradually eliminating financial and fiscal incentives at subsidized cost, establishing equivalent compensating mechanisms;
- Providing incentives for training and improving human resources at all levels;
- Providing an exchange-risk guarantee for goods having a long production cycle.

Regarding financing, the Businessmen proposed:

- Financing, at favorable cost, programs for Brazilian enterprises in the foreign market, such as: market research, promotion and advertising material, catalogues, offices, affiliates and subsidiaries, joint ventures or purchase of foreign companies, lobbying;
- Financing, without reimbursement, participation by companies in bidding for services contracts abroad in case of not winning, and with a "success fee" in case of success.

The businessmen also advocated choice of priority markets "to be worked systematically and aggressively, taking into consideration their consumption capacity and purchasing power for our products."

INDUSTRIAL IMPORTS MAY SUFFER FURTHER CUTBACKS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Oct 83 p 40

[Text] Brasilia--The warning given this week by CACEX [Foreign Trade Department of the Bank of Brazil] Director Carlos Viacava that because of lack of dollars the economy may collapse due to the impossibility of importing goods essential to its operation may result in the government's calling upon all industrial sectors to identify products that can be manufactured domestically, if it should become necessary to adopt tighter restrictions on imports.

The Industrial Development Council (CDI) made a complete survey of all products imported by the industrial sector and came to the conclusion that the nation can immediately save about \$2 billion annually by reducing imports of machinery, electrical goods, transportation goods and raw materials.

In the capital-goods sector, according to the CDI's conclusions, it is possible to reduce imports by \$800 million without greatly harming the firms that resort to the domestic market to buy what they need. At present the sector has idle capacity of 45 percent, which Industry and Commerce Minister Camilo Penna believes can be reduced to 30 percent if its demand increases due to reduced imports.

According to the CDI study, the chemical industry could replace imports worth \$900 million. A survey made by the government identified 3,000 chemical products currently being imported that could be reduced to 350 or 400, without great harm to the sector's operation. For the health-care sector, domestic industry can produce cardiac pacemakers, ultra-sound, spectrophotometers and equipment for endoscopy and radiology, all now being imported.

In the metalworking sector, the CDI concluded that the sector can get along without imports of industrial valves, tools (braces and bits for rock drilling), cast iron, steel, raw materials, supplies and spare parts. Without great effort the nation can save \$200 million in imports in the sector without harming its activities, by using the domestic market.

Private businessmen of the metallurgy and steel sectors agreed during a CDI seminar that if the government invests \$100 million in research for the sector to replace imports, in less than 1 year it will obtain a return of \$300 million. It can make use of skilled labor that is now practically idle in most industries.

In the pharmaceutical sector, the chances of import substitution are promising, thanks to the existence of sophisticated industrial-chemical capacity that is capable of meeting practically all of the sector's demand in this decade. The CDI made a survey of the sector's imports and identified over 2,000 products being imported. The nation spends \$400 million for these imports and the CDI concludes that a reduction of \$100 million can be made immediately without harming the sector.

The shortage of dollars to pay for imports Carlos Viacava warned of can be offset by reducing imports in a coordinated way, a CDI official said, through agreement between the government and the private sector in order to reduce distortions and hasty action.

8834

CSO: 3342/20

CACEX FORECASTS \$500 MILLION SURPLUS IN OCTOBER

Rio de Janeiro O GLOBO in Portuguese 25 Oct 83 p 20

[Text] The director of the Foreign Trade Department (CACEX) of the Bank of Brazil, Carlos Viacava, predicted that a trade surplus of \$500 million is already assured for this month, with exports of \$1.9 billion and imports of \$1.4 billion.

He said that in October foreign sales will probably bring in less money than last month because the government had to slow down somewhat exports of soybeans and their derivatives--oil and meal--to assure adequate supplies for the domestic market.

"As soybeans are the leading export, it is natural that the result will be affected," the CACEX director said.

"In any event, the goal of a \$6 billion surplus is guaranteed," Viacava asserted. "We still have some 300,000 tons of soybean meal to be sold by the end of the year, which will be released gradually."

For 1984, the CACEX director holds to his forecast of \$24 billion of exports and \$15.5 billion to \$16 billion of imports, thus with a surplus of at least \$9 billion. There is no intention of reducing or eliminating next year the existing tax credit for exports of manufactured goods or of ceasing to finance foreign sales--comprised in the various existing lines--and they will be from 10 percent to 15 percent higher in real terms than this year, when they were about 2 trillion cruzeiros.

The CACEX director announced that supply of the domestic market for rice is already assured, with imports of 250,000 tons from various sources and a license to buy 150,000 more tons.

8834

C80: 3342/20

AGRICULTURAL PROJECTIONS, PLANTING INTENTIONS DISCUSSED

Expected Wheat Harvest: 2 Million Tons

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Oct 83 p 23

[Text] Brazil's total wheat production should reach 2 million tons this year from a planted area of 1.9 million hectares. That is higher than the volume for last year, when 1.8 million tons were harvested. According to data from the Ministry of Agriculture's National Wheat Administration, 60 percent of the crop, or 1.2 million tons, has already been harvested throughout the country.

Wheat production in Rio Grande do Sul, which began its harvest this month, is expected to total 700,000 tons, with a planted area of 600,000 hectares and an average yield of 1,100 kilograms per hectare. There was disappointment with Rio Grande do Sul's crop last year, when the planted area was larger (1.1 million hectares) but only 524,000 tons were harvested. Rio Grande do Sul's wheat harvest ends in December.

In Parana, according to reports from the Secretariat of Agriculture's Department of Rural Economy, the initial goal of from 900,000 to 1 million tons will be met. At the moment, 600,000 tons have been harvested from a planted area totaling 450,000 hectares. In Sao Paulo, the forecast is for a wheat crop of about 180,000 tons from 140,000 hectares. In Mato Grosso do Sul, improved yields have made up for the drop in hectarage, with the result that the 110,000 hectares planted will yield 130,000 tons of wheat, compared to the 117,000 tons obtained in the 1981-1982 harvest. If there are no sharp changes in weather, Minas Gerais expects to harvest 32,000 tons, Goias 3,000 tons, and the Federal District 600 tons.

Request

The government is paying much less for the wheat it buys from Brazilian growers than it pays for the imported product and also much less than it costs to grow wheat in Brazil. The difference between the cost of production and the guaranteed price currently amounts to almost 3,000 cruzeiros per sack, and that fact is discouraging national production, according to a complaint by Guntolf van Kaick, chairman of the Parana Organization of Cooperatives (OCEPAR).

The low price for domestic wheat is causing it to be diverted to other uses, says van Kaick, who mentions as one example its use as animal feed. The chairman of OCEPAR also recalls that the base price was set at \$275 in the last harvest and that for this year, the National Monetary Council has just reduced that price to \$203. Because of those facts, OCEPAR is requesting an urgent adjustment in the price of wheat.

Parana: 600,000 Tons of Beans Expected

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Oct 83 p 23

[Text] Brasilia--The area planted in beans in Parana--which accounts for 30 percent of the national crop--will be 38,000 hectares smaller than last year (it is estimated that 680,000 hectares will be planted, compared to 713,000 hectares in 1982). This means a drop of 30,400 tons, considering that the average yield in the state is 800 kilograms per hectare. Even so, it is being predicted that from the area already planted, Parana will harvest 200,000 tons more than the total for last year's harvest, when rain destroyed almost 50 percent of the expected crop (337,000 tons were harvested last year, and it is estimated that this year's crop will total between 540,000 and 600,000 tons.

Minas Gerais: Expanded Cotton, Soybean Planting

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Oct 83 p 20

[Text] Belo Horizonte--Cotton and soybeans are the farm products that may turn in the best performance in next year's harvest in Minas Gerais, according to the First Farm Crop Forecast for 1984, which was delivered yesterday to Arnaldo Rosa Prata, Minas Gerais secretary of agriculture, by the group for the coordination of agricultural statistics at the IBGE [Brazilian Institute of Geography and Statistics].

The outlook is that the planted area will increase by 25.5 percent in the case of cotton and by 12.8 percent in the case of soybeans. The area planted in early potatoes should increase by 7.7 percent, while rice hectarage will be down by 1.4 percent, according to the forecast. The secretary said that except in the case of beans, the forecast agrees with surveys made by his secretariat in September.

The secretariat feels that the area planted in beans will decline by 5 percent, while the forecast predicts a 1.2-percent increase. Arnaldo Rosa Prata feels that caution should be exercised in making comparisons with data for the previous harvest. He says that a more accurate forecast concerning the 1982-1983 harvest will only be possible after the planting actually begins. This is because of the difficulty in obtaining credit, the high cost of inputs, high interest rates, and the decline in seed quality.

Rio Grande do Sul Expects Bigger Grain Harvest

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Oct 83 p 23

[Text] Porto Alegre--The start of crop planting is confirming some of the optimistic forecasts made by farm producers and experts in Rio Grande do Sul concerning the next harvest. If there are no setbacks due to weather, the state will have a good harvest. For the present, the crop in the most advanced stage is corn, which, although facing a problem with the poor quality of corrective limestone, should produce close to 4 million tons, according to calculations by Edmundo Henrique Schmitz, the expert specializing in that crop for EMATER-RS (Rio Grande do Sul Enterprise for Technical Assistance and Rural Extension).

In its forecast concerning area planted, EMATER is sticking to its figure of 1.8 million hectares (the figure last year was 1.85 million), but it admits that the figure may rise to 1.9 million. Fifty percent of that area has now been planted, while the remaining 50 percent is still in the soil preparation stage. Production is expected to total between 3.5 and 4 million tons. Schmitz revealed that 20 percent of the total area has been treated with limestone this year and that the limestone is of poor quality, with low acid-neutralizing qualities. But since only a small area is involved, this should not cause a sizable drop in production.

In the case of rice, the Federation of Rice Cooperatives (FEARROZ) is expecting a cultivated area of between 630,000 and 650,000 hectares, according to its chairman, Homero Pegas Guimaraes. Of that total, only 10 percent has been planted, but the outlook is good. Guimaraes expects a harvest of 2.5 million tons. In the case of soybeans, EMATER's expert for that crop, Aurelino Dutra de Farias, is predicting that 3.6 million hectares will be cultivated. Contrary to what was expected initially, the shortage of selected seed will not be of great importance as far as cultivated area is concerned because the growers are using their own reserves. According to Farias' calculations, Rio Grande do Sul's soybean production may reach 6 million tons in this harvest.

At the same time, the state's wheat harvest is at a very early stage. The chairman of the Santo Angelo Regional Wheat Cooperative, Ltd (COTRISA), Jandyr Schau de Araujo, is expecting good results, with an average yield of from 20 to 25 sacks per hectare. The weather for wheat is remaining good, although a little hot. There is considerable bright sunshine, and that is favorable.

11798

CSO: 3342/10

LEITAO DE ABREU ASSUMES POLITICAL COMMAND OF ADMINISTRATION

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Oct 83 p 5

[Text] Brasilia--The intricate board where the nation's political chess pieces are maneuvered was featured this week by the surprising "rook" of the government's side. The rook [castle], of course, has a singular role to play, which may occur only once during a game. Generally, when the king is being threatened and there are no other ways to avoid checkmate, the rules permit him to change places with one of his castles, jumping several squares, which ordinarily he is not allowed to do.

President Joao Figueiredo traded places with Minister Leita0 de Abreu [chief, Civilian Household of the Presidency], a castle until then unmovable, listless and isolated from the game, but suddenly pressed into heavy action. The situation was very bad, with some people wanting not only to quit the game but even to turn the tables. The rebellious opposition refused to approve any wage law and the PDS [Social Democratic Party], divided and in disarray, didn't give the least support to Planalto Palace, which in turn was in desperate need of measures to meet external forces.

There seemed to be no way out. A thousand and one times before the government had lost pawns and even knights, not to mention the long-lost bishops. Defeated once more in Congress, and by the action of his own party in collaboration with his adversaries, the president was on the brink of final defeat--checkmate--the consequences of which would be disastrous for the whole process of political liberalization. After that he would not control the succession, but before that he might not control the economy, about to be smashed to pieces if the International Monetary Fund were to break off negotiations with Brazil, due to rejection of another wage law.

That was when Minister Leita0 de Abreu, moved by who-knows-what reserve forces, began to act. As the "rook," he brought together the discussions, calling upon leaders of the PDS for broad debate, with Delfim Neto's participation. Under his direction, or rather, with his, and not the planning minister's, retaining the power to move the pieces as a last resort. The chief of the civilian household entered into discussions with the dissidents of his party; he listened to the complaints of the leaders loyal to the government; he worked up proposals and, moreover, listened to suggestions. He retreated in at least three fundamental aspects of the decree-law in question. Although the meetings had been held in his office,

he went to Canossa. He humbly waited for the PDS to be transformed into Pope Gregory VII, whom he would treat as Emperor Henry IV.

The result came with the agreement, first among the PDS and shortly thereafter extended to segments of the opposition. The PTB [Brazilian Labor Party], through a majority of its congressmen, agreed to vote for the new text. Some PMDB [Brazilian Democratic Movement Party] members were willing to do the same.

Next came the euphoria, further events, also produced owing to the new and singular Leitaó de Abreu, who now began to coordinate matters and straighten things out. He invited the Participation Group dissidents to a barbecue for relaxation and reconciliation, where he enthusiastically discussed the importance of everyone's participating in the government's decisions. He even sent messages to PMDB President Ulysses Guimarães, to arrange a meeting.

The new courses of action unexpectedly and paradoxically thus seemed very promising, although still menaced by absurdities such as the constitutional emergencies in the Federal District. Everything indicates that in coming weeks, probably after returning from his trip to Africa, President Joao Figueiredo will resume his soundings for coordinating the succession. If he remains in the rook's position--that is, sharing formulation of strategy with Leitaó de Abreu--and if the minister continues in the same location, who knows? Perhaps even a consensus succession, negotiated calmly with the parties, could occur. And that is not all: much was said and later there was a lapse into silence about the broad constitutional reform that would bring the regime into line with the new liberalizing times. Any initiative of that nature could be taken only through broad understanding, as the amendments must be approved by two-thirds of the deputies and senators. It must seem possible now, if the agenda has first been discussed and worked out among the various political points of view. There will be time, during the congressional recess, for the preliminaries. And a whole year--1984--to establish it.

Even for facing up to the serious economic crisis, the new presidential posture will be fundamental. Other difficulties will arise and undoubtedly will require more party dialogues.

But there the matter should remain. This week things are working out, thus opening new avenues for political practice, on conditions to be pursued. But no one is likely to be so naive as to set off skyrockets and begin celebrating. The event may have been an exception. The rook may not have saved the king, but merely postponed the end of the game.

8834

CSO: 1342/26

FRAGMENTATION OF PDS, DISSENT WITHIN PMDB DISCUSSED

PDS Admits Party Fragmentation

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Oct 83 p 12

[Text] Brasilia--The PDS [Social Democratic Party] is totally divorced from the government, to which it should be giving political and congressional support, and that fact is a threat to the consolidation of institutions. That is the thinking of several of the party's leaders, who admit that the PDS is split into several wings and subwings, with no effort being made by Planalto Palace to bring about its reunification.

The fragmentation of the government party has its roots in the precipitation of the process for choosing a new president, the executive branch's lack of attention to campaigning by its senators and deputies, and complaints by the Northeasterners over the inadequate funds being channeled into their region to ward off the effects of the drought.

The first reason for the split in the PDS has to do with the quarrel over the succession. This is because, first of all, most of the party's senators and deputies have now taken a stand in favor of one of the announced candidates: Vice President Aureliano Chaves, Minister of Interior Mario Andreazza, or Deputy Paulo Maluf. Despite Planalto Palace's expectations to the contrary, no one is waiting for the president to indicate his preferred candidate.

One reason for discontent in the government party is precisely President Joao Figueiredo's preference for the minister of interior, Mario Andreazza. This irritates those who have already expressed their support for Paulo Maluf or Aureliano Chaves.

Maluf's supporters are apparently a majority in the PDS federal bloc. They do not accept the head of government's announced veto of their leader's candidacy and have been vehemently expressing their rejection of that veto.

Probably for that reason, Maluf's supporters are refusing to defend the central government from the accusations and criticisms being leveled at it in the full session of Congress. But they are always available to repel any manifestation of disapproval of the former governor of Sao Paulo.

Participation

The "Participation" slate, which won 37 percent of the votes for the National Directorate on 19 July, is far from representing all the discontent in the government party. Many of the dissatisfied members refused to ally themselves with that movement out of fear that they would be strengthening personal power plays by its most conspicuous member, Deputy Teodorico Ferraco (PDS, Espirito Santo).

Those Participation dissidents are continuing to act in harmony, and one of their most influential members, Israel Pinheiro Filho (PDS, Minas Gerais), has admitted that they may come to form the nucleus of a new party. If they do, they will quite simply wipe out the PDS' 30-vote majority in the electoral college that will name President Joao Figueiredo's successor--if indeed that election is indirect. But many of them wish to avoid such a decision because they are linked with presidential candidates for whom they are rooting. Ferraco, for example, supports Maluf, while Israel Pinheiro Filho, Mario Assad, Humberto Souto, and Geraldo Renaul, all from Minas Gerais, have lined up behind Vice President Aureliano Chaves.

Northeasterners

A new dissident bloc is being formed. It consists of the Northeasterners, who say they are ready to vote against any government bill until there is an announcement of effective measures for taking care of their stricken constituents. Deputy Paulo Lustosa (PDS, Ceara) has announced his readiness for a "strike." In the voting on Law No 2,024, he and Deputies Lucio Alcantara (PDS, Ceara) and Fernando Collor (PDS, Alagoas) went against the government precisely on those grounds.

And while it cannot be said that there is an organized bloc, it must be noted that there is a growing movement, principally in the PDS bloc in the Senate, against the government's economic-financial policy and against Delfim Netto, minister-chief of the Planning Secretariat of the Presidency. Reservations concerning Delfim had previously been expressed publicly only by Senator Luiz Cavalcanti, but Cavalcanti has now been joined by the speaker of the Chamber of Deputies himself, Nilo Coelho, plus Guilherme Palmeira (PDS, Alagoas), Helvidio Nunes (PDS, Piaui), and Joao Calmon (PDS, Espirito Santo), who is leading the struggle against the "poloneta" scandal.

PMDB Moderates Complain of Having no Voice

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Oct 83 p 12

[Text] Brasilia--"Our struggle is aimed at doing away with the domination and influence of the leftwing radicals in the decisions and activity of the PMDB [Brazilian Democratic Movement Party] national leadership." So says the second deputy speaker of the Chamber of Deputies, Deputy Walber Guimaraes (PMDB, Parana). He is one of the leaders of the party's moderate group, which now calls itself the "Unity Group." Its members are grumbling about the "radicals" and the "Sao Paulo group," which they say are responsible for the party's orientation.

The "leftwing radicals" mentioned by the moderates do not accept the charge that they are influencing the party's leadership. Some of them--identified with the PCdoB [Communist Party of Brazil] line--have already sought out members of the moderate faction to explain their position. One of them told deputy leader Carlos Santana (Bahia): "We also feel neglected and sidelined."

Here is a rundown on the complicated situation in the multicolored "front" headed by Deputy Ulysses Guimaraes. Complaints are being heard on all sides--or almost all. The PMDB members identified with the PCB's [Brazilian Communist Party's] pacifist line are now considered the "allies" of the moderates in the Unity Group. One of them always participates in that group's meetings.

Within the Unity Group, the criticism comes mainly from the well-behaved Minas Gerais bloc, most of which came from the former PP [Popular Party]. It was the Minas Gerais bloc that forced through the decision to present a separate slate of candidates for the PMDB national directorate at the party convention on 5 December. Roberto Cardoso Alves of Sao Paulo, one of the coordinators of the moderate faction, wanted to discuss the group's proportional participation in the national directorate first and then run candidates if that demand was rejected. The Minas Gerais members resisted: "We must present our slate first and discuss the makeup later."

The moderates claim that they represent an absolute majority of the bloc: 102 of the 200 deputies, according to specialist Dasso Coimbra (Rio de Janeiro). In addition, they can count on support from 8 to 10 deputies on the "orthodox left," 15 of the 21 senators, and almost all of the PMDB's governors.

There is still another faction in the PMDB: the "nonaligned" or "progressive" group, represented mainly by leader Freitas Nobre, Egidio Ferreira Lima, Miguel Arraes, Francisco Pinto, Jarbas Vasconcellos, Alencar Furtado, and Paes de Andrade, among others. They are the leftovers from the "Authentic Group" in the former MDB [Brazilian Democratic Movement].

In a possible confrontation in the national directorate, the so-called radicals may be beaten if the moderates are successful in the regional conventions in November. The problem will arise when the time comes to choose the new National Executive Committee in December. If they win a majority in the national directorate, the moderates in the Unity Group will certainly demand important posts on the National Executive Committee--those of deputy chairman and secretary general at least.

Ulysses Guimaraes may continue as chairman. Walber Guimaraes, seconded by Carlos Santana and Roberto Cardoso Alves, says: "On our slate, we will reserve the first place on the list for him. Ulysses will be invited to stay with our group. The choice will be up to him."

Succession

As far as the process of succession is concerned, the moderates, following the lead of Minas Gerais Governor Tancredo Neves, have reaffirmed their support for the party's call for direct presidential elections. But with one limitation.

When the PDS holds its convention to nominate the government party's candidate to succeed General Figueiredo, "the PMDB will have to review its position." Either it will run its own candidate for indirect election or it will support a PDS candidate who enjoys "consensus."

And here is where another disagreement arises. The "progressives" and the members of the "Dynamic Group"--the heir to the "People's Group"--reject any solution that might lead the party to participate in the electoral college.

Deputy Pimenta da Veiga of Minas Gerais, one of the chief critics of the consensus theories, said: "The PMDB has a commitment to the people and cannot--must not--participate in a bogus, illegitimate, and antidemocratic institution."

PMDB's Lyra Demands 'Internal Democracy'

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Oct 83 p 4

[Text] Brasilia--In a lengthy speech in the Chamber of Deputies yesterday, Deputy Fernando Lyra (PMDB, Pernambuco) warned his party that "times have changed" and that as a result, the party needs to adjust to the times, practice internal democracy, make room for new leaders, and prepare to assume power. He said: "The PMDB cannot continue as a party with a vocation for being in the opposition. It must maintain its posture as a genuine party in the opposition, but as one on its way toward leading the country so as to bring the latter out of its deep crisis. It is time to assume the posture of statesmen--that of a party prepared to assume the leadership of the country."

The deputy did not mention the name of party chairman Ulysses Guimaraes, but he did criticize the party leadership directly. He said that smooth operation is not possible for "a party which, being everyone's party, is no one's party, which has a leadership whose only concern is not to destroy fragile and false equilibriums, whose activity is stagnating due to fear of the internal patrols, and whose internal government does not delegate anything, but also does not do anything for fear of offending those it governs."

His speech was listened to very attentively by both the opposition bloc and the PDS bloc. Visible in the PDS bloc were several representatives of the "Participation" group, which is struggling to modernize its own party, the PDS. It fell to the lot of one of that group's members--Jose Lourenco, as deputy leader of the government party for the day--to praise the analysis presented by the speaker, although he made it clear that he was not making any judgments concerning the PMDB's internal affairs.

At the end of his speech, Fernando Lyra was taken to task by Egidio Ferreira Lima, first deputy leader of the PMDB, who said his speech was "depressing." In his opinion, Lyra was committing the error of imagining that the country was living in complete democracy, when in fact "its institutions are in shreds," and that the PMDB was a party, when "in fact it is a front."

Lyra began his speech by addressing the parties in a general way. He noted that they need to be strengthened so as to lead the nation "on the difficult path

toward overcoming the historic impasse in which it has been placed." For that purpose, in his opinion, the parties must make their belief in democracy a reality and practice it in their internal disputes.

He emphasized: "The time for head-wagging parties that either always say yes or always say no is past. The party accustomed to supporting the government must understand the new reality of a government that cannot be supported. The parties accustomed to opposing the government must realize that the time has come to assume an affirmative role in the leadership of the nation itself."

The congressman insisted that "times have changed" and that as a result, the PMDB needs to change. He pointed out that it is no longer a party dedicated heroically to survival and the struggle to defend human rights. In 1982, "hoping for an alternative from the party, the great majority of the people voted for the PMDB."

Lyra proclaimed the need for the PMDB to open up its leadership to participation by the new regional and local leaders, chiefly those who have wound up with fragments of power in their hands. And he asked that future slates of candidates for party leadership, "instead of focusing on the petty concepts of 'for' or 'against' consensus, give thought to the future of the party."

Centrist Group Takes Shape in PMDB

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Oct 83 p 4

[Text] Brasilia--Another group is emerging within the PMDB bloc to take its place alongside those that already exist. Its objective is to prevent the party from leaning to the right or to the "radical-infiltrated" left. This new group, which is centrist in its opinions, does not intend to issue a manifesto, saying that the direction to be followed is that laid down in the party program.

The first meeting by this new faction in the PMDB was held on Friday and was attended by over 10 deputies, all of them serving their first term in Congress. Their coordinators for the time being are Deputies Raul Ferraz (Bahia) and Orestes Muniz (Rondonia).

Tobias Alves (Goias), Marcio Braga (Rio de Janeiro), Renato Viana (Santa Catarina), Odilon Salmoria (Santa Catarina), and Cacildo Mandaner (Santa Catarina) are all in sympathy with the thrust of the new centrist group, which is struggling to preserve the party and the PMDB acronym.

The group's basic line is shown in a letter sent to chairman Ulysses Guimaraes by Deputy Raul Ferraz. It opposes calling the PMDB a "front" on the grounds that doing so makes the party temporary in nature.

Besides this new group, there are two other organized factions: the moderates, who now call themselves the Unity Group, and the leftist faction, which wants to be known as "anticonsensualist." Last week both groups held meetings--the moderates on Wednesday and the leftists on Thursday. Some of the deputies who have

been taking part in the Unity Group's meetings also participate in the "anti-consensualist group's" meetings.

The moderates claim that their group includes more than 120 deputies, and the anticonsensualists have a document with 101 signatures. Since the PMDB bloc consists of 200 deputies, this means that 21 deputies are circulating in both groups.

It is worth pointing out that the deputies in sympathy with the PCB support the moderate group's demand for proportional participation in the new national directorate. They support it, but they are not signing any documents. One representative of the "orthodox left" always attends its meetings as an observer. And those linked to the PCdoB attend the leftist faction's meetings and take part in its debates, and their presence is formally recorded.

The centrists gathered around Raul Ferraz and Orestes Muniz claim that the PMDB cannot survive the impact of the left's ideological struggle with the right.

Until recently, it was being said that the "progressives" who were originally in the extinct "Authentic Group" were acting independently within the PMDB. They are Freitas Nobre, Jarbas Vasconcelos, Paes de Andrade, Egidio Ferreira Lima, Fernando Lyra, Miguel Arraes, Alencar Furtado, and Francisco Pinto. Now, however, with the exception of leader Freitas Nobre and Fernando Lyra (currently linked politically with Governor Tancredo Neves), they are in sympathy with the leftwing anticonsensualist group. Arraes is even said to be the main leader of that faction.

The strength of the various groups making up the multicolored "front" headed by Ulysses Guimaraes may be made clear during the party's national convention on 4 December. After that, there will reportedly be a decision as to the position the PMDB will adopt concerning the election of President Figueiredo's successor.

11798

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REACTION TO POSSIBLE RESTORATION OF DIRECT ELECTIONS

Democratic Tradition

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Nov 83 p 4

[Text] "I believe that direct elections for the presidency of the republic will finally prevail, because this is the republican tradition in Brazil," Vice President Aureliano Chaves declared yesterday in Belo Horizonte. He reiterated that he personally prefers direct elections, although he also thinks indirect elections are democratic. He said he was not aware of any government plans to change the electoral calendar or the type of election to select President Figueiredo's successor.

"I believe that direct elections will come about, but I do not know if it will be now or not," he added.

Chaves said he did not believe that the issue of direct elections would be negotiated in conjunction with measures aimed at solving economic problems. He noted that tradition points to direct elections and that "this tradition is very strong, because it is through this tradition that the people come to acquire their character." He does not see the popular elections in Argentina influencing Brazil. "Our country," he stressed, "does not need this kind of influence because, as has been demonstrated, it has the capacity to think in terms of its own reality."

The vice president added that whether or not direct elections are reinstituted, President Figueiredo "already has a secure place in the history of the country." He noted that the president "has moved firmly toward consolidating the political system and has been successful in this undertaking." He added, however:

"Clearly, the democratic ideal always precedes democratic reality. What we have is a continuing search for democracy in all countries in the world. Some go farther than others in bringing the democratic reality closer to the democratic ideal."

He disagreed with Minister Helio Beltrao, who described as "illegitimate" the present electoral college which chooses the president in Brazil. Chaves said: "You cannot call an electoral college illegitimate when it is composed specifically of men chosen at the polls as future electors of the president of the republic." According to Chaves, you may feel that direct elections are more democratic, "but indirect elections are also democratic."

Planalto Palace

The possibility of direct elections for president of the republic is being examined within Planalto Palace, a high-ranking military officer reported yesterday in Brasilia. According to the officer, the possibility is being considered as part of a strategy which would involve an agreement with the political class that some candidates would not run, such as Governor Leonel Brizola, since he has not yet been accepted in military circles.

On the other hand, Aeronautics Minister Jardim de Mattos and Navy Minister Maximiano da Fonseca are indifferent as to whether the next election is direct or indirect, because they consider both systems democratic. Maximiano denied that the issue of direct elections was a matter for coordination between the military and the president of the republic. According to the admiral, there is no foundation to the report published yesterday in a Brasilia newspaper that he and his colleagues in the Aeronautics and Army ministries were examining this possibility. "The armed forces are disciplined and obedient and will accept the decision of the president regarding the succession process."

Tancredo and Delio

After meeting with Aeronautics Minister Delio Jardim de Mattos, Governor Tancredo Neves said yesterday in Belo Horizonte that he believes in direct elections to choose President Figueiredo's successor. He declared that "the argument for direct elections is affecting basic sectors of the government at this time." According to Tancredo, the recent popular election in Argentina could have an influence on Brazilian politics.

"There are historical parallels between Argentina and Brazil. Either it happens there first and then here, or here first and then there. But in the process of redemocratization we are well ahead of them," observed the governor of Minas Gerais. He added that there is another factor favoring the return to direct elections. "I have the impression that there are problems within the PDS [Social Democratic Party] in articulating and coordinating a policy that answers the nation's concerns."

Tancredo Neves and Brig Gen Delio Jardim de Mattos met during a tour of inspection of the construction of the Belo Horizonte International Airport in Confins. They had a long conversation and lunched together at a restaurant at the construction site. The aeronautics minister dodged the reporters' questions, claiming that only the governor of Minas Gerais, "a professor of political science," could speak about politics. He concluded by declaring: "We in the military abide by the constitution, and as long as congress approves and it is constitutional, direct or indirect elections are all the same to me."

Delio Jardim de Mattos could not say if the government intends to propose a constitutional amendment reestablishing direct elections for the presidency of the republic. "I cannot guess anyone's intentions because I am not a mind reader." Moreover, he did not see any relation between the presidential elections in Argentina and the presidential succession here, saying only that Brazil "has led the way in returning to normality."

Military Acceptance

Sap Paulo O ESTADO DE SAO PAULO in Portuguese 30 Oct 83 p 4

[Article by H.C.]

[Text] If the president of the republic decides to reestablish direct elections for the presidency of the republic, it will not be contested by his comrades in the armed forces, a high-ranking military officer declared this week. The officer, who is completely loyal to General Figueiredo, rules out any possibility of a military initiative to become involved in political activity.

According to the same source, the Figueiredo administration represented a real opportunity for the military to retire from a position of political influence and to concentrate more on professional activity, leaving politics to professional politicians.

According to his old comrades, some of whom will attend the party celebrating the anniversary of his class at the Realengo Military School in November, if President Figueiredo decides to return to direct presidential elections, he will not have to be concerned about any reaction from military circles. At the beginning of his administration Figueiredo would not even permit discussion of direct presidential elections. Evidence of this was the negative reaction from Planalto Palace to an interview which Aeronautics Minister Delio Jardim de Mattos granted in 1979. Speaking with three reporters at a reception, the minister admitted for the first time that the launching of the political liberalization project could eventually lead to a return to direct elections.

The military in general, and particularly those sounded out on the issue, have not taken a position in support of a return to direct elections; they simply indicated that they are prepared to respect the decisions of President Figueiredo, to whom their loyalty is, in many cases, much more personal than political or military.

Military officers who have always been close to the former Castello Branco group, now the Geisel group, and who have always maintained cordial relations with Figueiredo, recalled that the political-military plan drafted by the Castello administration (which had some, if very little, continuity in the Medici government) provided that the launching of the March movement should coincide with the withdrawal of the military from political activity.

They recalled that before the 1964 movement, the military who were involved in politics assumed an increasingly solid leadership because they could remain much longer in active service. Marshal Oswaldo Cordeiro de Farias spent 22 years in the generalcy.

When a general assumed an army command, it was expected that he would not only gradually strengthen his military leadership but would also win political leadership. This is much more difficult today. There are limits to active military service which were simply ignored back then.

In a country where political crises are rather frequent and involve the armed forces, notably the army, the military used to gain important points, political weight, with every pronouncement, and when they were candidates they would attend rallies in uniform. This was the case with Marshal Henrique Teixeira

Lott. Marshal Juarez Tavora was another one who benefited by this state of affairs, although he had a much longer tradition than Lott, since he began his political career as a lieutenant.

Today, given the limits imposed on time of service as a general (which permit greater career mobility, reducing professional frustrations, which used to be more numerous), a general rarely assumes political leadership.

Among others, there was the case of Gen Dilermando Gomes Monteiro. When he left command of the II Army, he was applauded by government and opposition politicians alike. When the general's name was submitted to the senate to fill the post of minister of the Superior Military Court, Paulo Brossard, then leader of the former MDB [Brazilian Democratic Movement], received it with openly expressed sympathy.

General Dilermando pacified the II Army, as the opposition itself acknowledged, following a period in which journalist Wladimir Herzog and worker Manuel Fiel Filho had died in military annexes in Sao Paulo.

Dilermando had already been "vaccinated" against partisan political activity by Marshal Castello Branco (in whose administration Dilermando was underchief of the army in the Military Cabinet), but the fact that his period of active military service had expired was another reason why he did not take up political activity, as frequently happened with the military.

Pursuant to legislation introduced in the Castello administration, there is not only an age limit imposed on generals for service in each post but also for time in active service. When a general has command of an army, for example, he leaves active service in four cases: when he reaches 66 years of age, when he has spent 4 years in that command, when he has been a general of the army for 4 years or a general officer for 12 years.

The establishment of these limits contributed to the gradual dissociation of the military from political activity, but in the Figueiredo administration, the navy, aeronautics and army ministers themselves took the initiative in making it clear that they are the only ones who speak on political matters for their branches.

Politicians Comment

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Nov 83 p 4

[Text] President Joao Figueiredo said yesterday in a conversation with former Sao Paulo Deputy Roberto Carvalho that the government had not yet thought about reestablishing direct elections for the presidency of the republic. He added that the matter is not under consideration at this time. Senator Carlos Chiarelli (PDS-Rio Grande do Sul), who spoke with Minister Leitao de Abreu, of the Civil Household, stressed that direct elections would be an issue for political negotiation like any other political matter, "because the government is not dogmatic."

Chiarelli added that the government is feeling disposed to negotiate with the PDS "and is fully accepting of understandings to be reached with opposition factions." He noted, however, that for the time being no specific issues are receiving the attention of the Civil Office of the Presidency of the Republic.

Nelson Marchezan and Aloysio Chaves, administration leaders in the Chamber and Senate, ruled out the possibility of reestablishing direct elections to choose Figueiredo's successor. "If you put such an amendment to a vote here in Congress, it would not pass. The circumstances are not there now for its approval. I am not saying it could not happen in the future, because I am not crazy," Marchezan said.

The government leader in the Chamber added: "Direct presidential elections are inevitable. I cannot say when. At this time there is an electoral college, which could be modified. I do not see this coming about now."

Deputy Ary Kffuri (PDS-Parana), second secretary of the Chamber, described as "strange" the reports about the resumption of direct elections for Figueiredo's successor. "It would be major evidence of political incompetence if the PDS, with the power to choose Figueiredo's successor in its hands, let go of such an opportunity." According to Kffuri, to lose perspective of political power would be the end of the party.

Senator Jose Sarney, national president of the PDS, also said that the party should not renounce the right to elect the next president of the republic, which it won at the polls by winning the majority of seats in the electoral college. "Everyone knew when he voted that he was voting for the electoral college."

Natural Solution

Esperidiao Amin (PDS), Governor of Santa Catarina, advocates direct elections for the presidency of the republic. He feels the issue should be examined very carefully because there can be no electoral system without the consent of President Figueiredo. He feels, however, that "direct elections in 1985 could still be a reality, because this is a natural solution and all natural solutions are near at hand."

Amin acknowledged that the direct elections in Argentina would have a certain effect in strengthening the decision to hold direct elections in Brazil to choose Figueiredo's successor.

In Juiz de Fora, Senator Itamar Franco, who has broken with Tancredo Neves, praised the Minas Gerais governor's statements in defense of direct elections. "Governor Tancredo Neves has resumed the position he took during the election campaign, abandoning his dubious position as the advocate of consensus." Itamar had a reservation, however. "Now everyone must pray that the governor does not have a relapse."

For the first time since he became governor of Rio de Janeiro, Leonel Brizola has admitted that he could become the PDT [Democratic Workers Party] candidate for the presidential succession "if there are to be direct elections."

Candidates Discussed

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Nov 83 p 4

[Text] Deputy Ulysses Guimaraes, president of the PMDB [Brazilian Democratic Movement Party], said yesterday in Brasilia that he is viewing with great satisfaction the favorable reactions by Planalto Palace and by the PDS governors to the possibility of resuming direct elections for the presidency of the republic. He added that if there were a direct election, "the PMDB would win, because the party has proved it has a majority in previous elections."

Ulysses disagreed with Rio Governor Leonel Brizola (PDT) that the PDS would win in a direct election, but he defended a "union of opposition parties," if it is really the result of popular consultation, to avoid division among the parties opposed to the government, which he said would simply be to the advantage of the PDS.

Malufists Opposed

Asserting that a direct election for the president of the republic is pure casuistry, not reflecting the nation's wishes but rather the will of radical groups, Malufist Deputy Sequeira Campos (PDS-Goiás) declared that a bill reestablishing the popular vote would not pass in the Congress. "I would vote against it. I am not going down in history as weak and incompetent. I was elected as a member of the electoral college and I am not going to disenfranchise myself."

According to Campos, those who talk about direct presidential elections want to scare off Paulo Maluf, but they will not succeed "because he sees himself as having a mission to accomplish; he wants to organize the country and make changes." Campos added that Maluf prefers indirect elections because they have already been established. "They built a brick house; now they want a stone house. If it is changed, he will accept that, too," he concluded.

According to Deputy Beth Mendes (PT [Workers Party]-São Paulo), neither Mario Andreazza nor Paulo Maluf could win a direct election. "Both of them should have more respect for the Brazilian people and stop this nonsense. Justice will see to them."

According to the PT deputy, Maluf has the Lutfalla scandal, "which was put in the closet," aside from those "cars that he gave soccer players." In her opinion, Andreazza is known as the "minister of the 10 percent," in addition to having said recently that "Deputies in the Participation Group had already received a million dollars." Finally, regarding the two presidential aspirants, Mendes reiterated: "They have problems with the law, with justice, and they cannot be candidates."

Placid Approval

Commenting on the declared readiness of Minister Mario Andreazza and Deputy Paulo Maluf to compete in direct presidential elections, Deputy Lucio Alcantara (PDS-Ceará) asked: "Are they really in earnest? Would they even be candidates? This is the basic question."

Observing that in indirect elections candidates seek out the party and that in direct elections precisely the opposite occurs, the Ceará congressman said that the range of PDS candidates is not limited to Andreazza and Maluf. He argues that Aureliano Chaves has already demonstrated good vote-getting ability and today has strong support from the business sector.

According to Alcantara, if President Figueiredo sends congress a message proposing resumption of direct elections, it would have placid approval, because this is what the nation's public wants. "And the president would have the nation's authority to seek PDS votes; he could be the great elector of his candidate."

In conclusion, the deputy noted that the PDS has a chance of winning a direct election. "I am not saying it would be easy, but no one has yet won in a direct election. Aside from the performance of the candidates, there are factors which are not foreseeable now and there is the campaign itself," he concluded.

Brizola

If the government agrees to the resumption of direct presidential elections, Brizola's candidacy is certain and will inevitably be successful, said Deputy Amaury Muller (PDT-Rio Grande do Sul), fourth secretary of the Chamber. In his opinion, the governor of Rio de Janeiro would be "unbeatable" as a candidate.

The PDT deputy added that names considered strong in the PDS--Mario Andreazza, Paulo Maluf and Aureliano Chaves--"do not have the charisma or the popularity of Governor Brizola, much less his broad administrative experience." According to Muller, the Rio governor's declaration that the PDS would win a direct presidential election "is an expression of modesty" or--a remote possibility--"a clever way of forestalling the restrictions that some more conservative factions may impose on his candidacy."

Growing Possibility

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Nov 83 p 3

[Article by CC: "Direct Elections Growing Possibility"]

[Text] If there were no other evidence of the intensity with which the nation is viewing the possibility of a return to direct elections for the presidency of the republic, which has arisen again with unusual force, it is enough to note the recent reaction of Paulo Maluf, Mario Andreazza and Aureliano Caaves, the three candidates who have already declared themselves. On various occasions and under differing circumstances last weekend, they expressed support for the process which was suspended in 1964. Although they upheld respect for the observance of the rules currently set down in the constitution, all three men, each in his own way, noted that direct elections represent the best system, more in keeping with our republican tradition. If the change is introduced, all three are prepared to continue with their candidacies and to seek the PDS nomination, which would then be submitted to the popular vote.

It is clear that, at bottom, neither the former governor of Sao Paulo nor the interior minister nor the vice president of the republic would actually like a direct election. It would at least double the problems and the obstacles which each of them faces in reaching Planalto Palace.

Under the present rules of the indirect contest, they need only concentrate their efforts on the PDS convention delegates, because the one who wins over the party will be approved by the electoral college, barring the unusual and the unexpected. Meanwhile, if none of them remains stubbornly committed to indirect elections, it is because they all know very well which way the wind is blowing--or could blow. It is no coincidence that all of them, until very recently, expressed their opposition to direct elections and are now obliged to speak out clearly in favor of them. They have been informed that Gen Joao Figueiredo, although he is inclined to leave things as they are, is considering a change. In contacts with various politicians, he has even admitted that a return to direct elections could be a way out of certain "impasses."

What would these be? It is crystal clear that the first one would be the possibility that the PDS cannot unite itself. After taking the soundings which he solemnly described as "coordination," the president concluded that the party is divided and that the three groups are recalcitrant and will not support the

victor, no matter who he may be. It has already been said again and again that, if the next president is to govern, he must have broad national support, expressed through the political forces. The PDS is already a minority party, not in the electoral college but in the public sentiment and in the number of votes it received in the last election. At the very least, it must be united, not so much to avoid the above mentioned surprises from the electoral college but to carry out a mandate filled with obstacles, crises and pitfalls created by the economic-financial situation. It would be foolhardy for the party to allow a name disputed in its own corridors and already assured of internal opposition to be put in office to face external opposition, from the other parties. His mandate would not last very long. Hence direct elections would be an excellent solution, because the individual who was finally elected by popular vote would reflect a national majority. He would be legitimate and representative, all the more when one begins to think about the mechanics of direct elections and, only by implication, if one admits as a starting point the possibility of a solution once invented by Marshal Castello Branco but defeated before it caught on: in a first stage, each party would present a candidate for a popular vote. Coalitions would not be permitted. If none of the candidates won an absolute majority of the direct votes, there would be a new election, soon afterward, limited to the first two candidates. One of them would ultimately receive a majority of the votes of the entire electorate.

In addition to the fact that the PDS might not unite, there is another, more casuistic, possibility. Gen Joao Figueiredo might conclude, even now, that Paulo Maluf will be the choice of the PDS convention delegates. Since he does not wish to pass the fasces to Maluf, the president would force a direct election, even knowing that the former governor would probably win the party nomination. The rest would be in God's hands.

There are those who line up other arguments or solutions: faced with an adverse economic-financial and social situation which cannot be fully resolved by the end of his mandate, Figueiredo runs the risk of going down in history with a very negative image. The political liberalization which he initiated would be obscured by the crises which he did not overcome. Direct elections and respect for their outcome could make the pendulum swing in his favor after he leaves office, as the culmination of a difficult and explosive but ultimately successful project. The president could bow out to the applause of the nation, even if he turned the presidency over to a declared and steadfast adversary, such as Ulysses Guimaraes, or to the likes of a dissimulating but unpredictable Leonel Brizola.

In sum (and it is worth repeating what we said Saturday), there is still no decision for direct elections. The intent to keep to the present rules of the game prevails for the time being. However, as the disastrous prospects mentioned above and--who knows?-- others appear, the return to direct elections begins to leave the realm of the absurd and enter the realm of possible impossibilities. In politics, paradox is permitted without much discussion.

COST OF LIVING INCREASED 2.3 PERCENT IN SEPTEMBER

Santiago TERCERA DE LA HORA in Spanish 6 Oct 83 p 6

[Text] The Consumer Price Index [CPI] rose by 2.3 percent during the month of September which means that since December of last year the cost of living has gone up by 17.9 percent.

This information was given yesterday by Luis Gatica, head of the Price Department of the National Institute of Statistics [INE], who also released the CPI figures for the last 12 months (back to September 1982) showing an increase of 29.1 percent.

According to Gatica, the "seasonal" hike of prices for potatoes and onions was the main "culprit" behind this 2.3 percent increase in the CPI.

The expert underlined that in the month of September the highest increases were registered under the heading of food, up by 1.7 percent, and this was due to higher costs for groups of commodities such as vegetables, potatoes, tubers, oils, fruits, lards, fats, dairy products and eggs.

The housing sector, despite facing problems with stocks, contributed to increase this CPI by 0.3 percent. Gatica noted that the highest increases were registered under the subheadings of rentals, ownership, house repairs.

Meanwhile the cost of clothes and miscellaneous remained about unchanged compared to the previous month going up by just 0.1 and 0.2 percent respectively.

Comparative Figures

After adding the 2.3 percent CPI increase for September to other indicators, it was noticed that in sectors where there is no collective bargaining earnings had fallen behind by 39.8 percent since the last cost-of-living adjustment (in mid-1980).

Retirees, on the other hand, received in accordance with the current legislation a cost-of-living adjustment on 30 April of this year when the accrued CPI rose above the ceiling of 15 percent reaching 17 percent. Since that

date--through May, June, July, August and the recently past month of September--the cost of living climbed by 10.26 percent which means that it will have to increase by another 4.74 percent before retirees are entitled to a new adjustment of their pensions.

"If the current upward trend of the CPI continues," an expert of the INE said, "it is likely to go beyond the 15 percent mark by December and retirees could well receive an adjustment of about 15 percent starting in January 1984.

Finally it was pointed out that the 2.3 percent CPI increase for September was 2 points lower than the 4.3 percent CPI increase registered during the same month of last year.

Now the month when the CPI was closest to this one was September 1980 with an index of 2.1 percent.

In September of this year the Wholesale Price Index (WPI) went up by 4.1 percent according to figures released yesterday by the National Institute of Statistics.

According to the experts, the WPI was higher than in the previous month, when it stood at 2.3 percent, and this was due to higher prices for agricultural and livestock products which rose by 8.5 percent over the prices of the previous month.

8796

CSO: 3348/16

CHANGES IN EMPLOYMENT PROGRAMS ENROLLMENT REPORTED

Santiago TERCERA DE LA HORA in Spanish 6 Oct 83 p 6

[Text] According to figures released yesterday by the National Institute of Statistics (INE), 539,279 persons are enrolled in the Program for Heads of Households [POJH] and in the PEM [Minimum Employment Program] throughout the country.

The figure of 380,596 persons enrolled in the PEM nationwide corresponds to the month of July.

As for the POJH, the nationwide figure was 158,683 for the month of August.

Also, enrollments in the Minimum Employment Program, the PEM, are down while enrollments in the POJH (Occupational Program for Heads of Household) are "rising."

According to the experts this shift in the labor force is the result of efforts being made to adjust the subsidies given to these workers.

The most recent figures, corresponding to the month of July, indicate that enrollments in the PEM dropped in the metropolitan region from 97,629 to 91,867, a "drop" of 5,762 people.

The same happened in other parts of the country and consequently the number of people enrolled in the PEM during the month of July 1983 was 380,596 which meant that 10,963 fewer people enrolled in that program.

Occupational Program for Heads of Household

In the case of the POJH, enrollments were up by 8,442 in the metropolitan region. A similar upward trend, though not so sharp, was registered in other regions of the country with the exception of the First Region where they had 64 fewer enrollments in August than in July.

It is also reported that the nationwide enrollment figure stands at 158,683 compared to 150,296 for the previous month of July, and this represents an increase of 8,387 persons in just one month.

8796

CSO: 3348/16

AMBASSADOR TO U. S. ON COUNTRY'S ECONOMIC, POLITICAL IMAGE

Bogota EL SIGLO in Spanish 22 Oct 83 pp 1A,3A

[Interview with Dr Alvaro Gomez Hurtado, ambassador to United States, in Bogota, 21 October]

[Text] Colombia has a very good political and economic image abroad, the new ambassador to Washington, Dr Alvaro Gomez Hurtado, told newsmen at Eldorado Airport just after his arrival from Paris, accompanied by French Prime Minister Raymond Barre.

In addition, Gomez Hurtado revealed that in application of the Extradition Treaty with the United States, Colombia is already working on the extradition of a number of Americans.

Gomez said he was very satisfied with the results of the meeting of the Advisory Group in Paris and added that the results of the visit of President Belisario Betancur to the United States was very positive.

The ambassador to Washington said that the only problem with respect to the image of Colombia is the drug problem, which creates problems for Colombian travelers and is harming flower exports.

The following are some of the statements made by the ambassador:

[Question] Mr Ambassador, what kind of an image does Colombia have abroad, politically and economically?

[Answer] Both are good. We have certain other image problems due to the lack of security and drugs, but in principle, we have a very good economic situation compared with other countries. The task before us in Paris with the Advisory Group was to prevent them from lumping us together with the rest of the Latin American countries that are facing serious problems in refinancing their debt and that have very stagnant economies. With respect to our political image, it is excellent. It is the oldest democracy in Latin America, its constitution is nearly 100 years old, we have the properly regulated powers: the Executive, Legislative and Judicial branches, and freedom of the press that I would stress and that attracts great attention because this is no longer widely seen in the world. It was very useful to us to point out these considerations because the bankers who pay great heed to interest rates and the

specific guarantees of each obligation find that there also have to be other guarantees stemming from the political stability of the country.

Foreign Debt

[Question] Dr Gomez, do you support refinancing of the Colombian foreign debt?

[Answer] No. On that matter, one cannot simply talk as if it were a theory written down in books. The debts are manageable, they have to be manageable and Colombia is not now refinancing its debt. Rather, it is preserving its traditional lines of credit. In order to maintain a little economic growth making it possible to improve the condition of the people, especially poor people, any underdeveloped country like our own has to have economic growth and this cannot be achieved unless one has foreign capital or loans and these lines of credit are what are being closed because of prejudice against Latin America in the entire financial world. We went to show that we have the right to those lines of credit and we obviously had a stunning reception.

Betancur's Trip

[Question] What was the result of President Betancur's trip to the United States and Europe?

[Answer] The results in the United States were very good. He had the opportunity to meet with government officials, the secretary of State, Mr Kissinger, and everything discussed was very constructive. We are very pleased. Then naturally, there was his brilliant speech before the United Nations that received high praise.

Extradition

[Question] Mr Ambassador, what is the most recent action on the Extradition Treaty with Washington regarding Colombia?

[Answer] There has not been much action on that issue there in recent days because there is the decision of the Supreme Court and the work on certain extraditions requested and that are following their normal course.

[Question] Dr Gomez, there is talk of an estrangement between the American Government and Colombia because of our country's entry into the nonaligned group. How did that look from Washington?

[Answer] Without a doubt, in declaring ourselves to be nonaligned, it would appear that there had been a change in previous policies, but the Americans understand it very well. There are many countries engaged in the same activity as Colombia and this was not taken there as a gesture against them, but a kind of reexamination of our position in the world. It created no problem for us.

Propaganda Against Colombia

[Question] Dr Gomez Hurtado, as ambassador, do you intend to make any move with respect to publications in the United States to the effect that tourists should be careful about coming to Colombia because there are dangerous areas where their lives might be in danger?

[Answer] That is a private question. It has nothing to do with the State Department or the American Government. There are certain tourist agencies that publish reports given to their clients. Just as they give them a pamphlet about the museums of a city or a map of the highways, they give them information about safety and there is a very small agency of little importance that has published certain maps on which Colombia is depicted as an unsafe zone. There is a note with data on the lack of safety which it says were taken from the State Department. We naturally called the State Department and they assured us -- and have said so publicly -- that they did not give out that information.

[Question] Mr Ambassador, is there not prejudice among Americans against Colombians?

[Answer] No. There is the drug problem. When they inspect an airplane, there is a great probability that they will find drugs on it and that is bad because it creates many problems for us. Consequently, the vigilance regarding anything Colombian is somewhat because of that problem. It is uncomfortable for us, extremely uncomfortable, but we cannot place the country in a position of being against all drug inspections because we are not around drug trafficking.

[Flower]

[Question] Mr Ambassador, one of the sectors, flowers, has been harmed by statements by newsmen to the effect that many of the florists in the United States are against us because of all the drug problems and there have been declines in sales in the United States. What have you learned about this?

[Answer] Several things. Florists have their enemies there because of the competition. Constant American competition is constantly making demands and we constantly work on behalf of our vendors. But things are going well with good understanding. Now the problem we have is that of the inspection of flowers with cocaine. A rose of flowers filled with cocaine is worth a fortune and there are thousands trying to produce more single rose, which greatly harms the market for ordinary flowers. We have lodged our protests and are seeking an understanding, we trust the inspection, which we cannot refuse, is done in a technical manner, in refrigerated rooms, so as not to harm the flowers.

[Question] It has also been learned that these inspections have harmed Colombian agriculture. There have been seizures and many plants have contained cocaine that once used and grown are treated very badly. Has the government of Colombia made any statement on this?

[Answer] It is not a matter of that. The fact is that the inspections bother all of us. When one is subjected to inspections, one feels persecuted. That is the problem that has to be recognized. In the case of the plane they stopped in Tampa, I cannot say that they should release them because nothing is proved and we have no way of investigating what responsibility the company had. There were five boxes, each containing 50 kilograms of cocaine. One of those boxes cannot be easily carried. What I want is for the case to be resolved rapidly so they will release the plane, but I cannot say that the plane should be excluded from any presumption of guilt because I have no means to investigate, to show that the company carrying them is innocent.

[Question] Mr Ambassador, in international treaties, reciprocity exists. In Colombia, the extradition of a Colombian has just been approved so that he may be tried in the United States. Will Colombia also demand the extradition of Americans to be tried here?

[Answer] Yes, there are already a few cases being worked on.

[Question] In the case of tourism, would Colombia take any reciprocal measure in the face of the poor press on Colombian tourism in the United States?

[Answer] With respect to the business of private agencies, no official reprisals can be taken because a company can publish a report on a country, just as a newsmen might, and one cannot break relations with that country because of that private action. What we are trying to do is prevent the publication of those maps, which obviously are not good.

Searches

[Question] Former President Misael Pastrana Borrero recently condemned excesses in the searching of Colombians. What is being done?

[Answer] That is a very difficult matter, very difficult. Inspections are turning out to be very uncomfortable but we are doing what we can. Every time we learn of a case, we report it to the authorities and delicate things go on in customs, but we are doing what we can. The situation created for us by drugs is very difficult.

[Question] Dr Gomez, you will give a lecture on economics very soon. Are there other prospects, a new vision in the field?

[Answer] Yes, there are many things.

11,464

CSO: 3348/44

FRANCE GRANTS \$180 MILLION IN CREDIT

Bogota EL SIGLO in Spanish 19 Oct 83 p 3A

[Article by Alberto Giraldo]

[Text] If proper diplomatic language permitted sports terminology, one could say that Minister of Finance Edgar Gutierrez Castro won a decisive round in his difficult talks with the difficult French minister of finance.

After the "icy" reception Colombia received from the French in the Advisory Group, Minister Gutierrez managed to modify the temperature of the relations, achieving a level of warm friendship and mutual productivity.

The end of the story, after the cold chapter we presented yesterday, was as follows:

Once the possibility of official talks between the Colombian and French ministers of finance was broken, there came a soft reaction from Paris.

The French minister sought a dialogue with the minister of Colombia and the two men talked from 8:00 in the morning, European time (2:00 AM in Bogota).

From then on, everything came up roses in the bilateral relations.

Colombia came out of the meeting with a \$180-million credit, granted by a pool of six French banks for forestry and mining programs in Colombia.

Minister Edgar Gutierrez Castro spoke upon emerging from the meeting with his French colleague and said:

"A new era has begun in economic relations with France. After the initial difficulties, we have reached full agreement on financial cooperation."

Gutierrez praised the atmosphere of candor in which Colombian-French economic relations were analyzed.

The minister then went to the Royal Maurice, where the Colombian economic assembly was installed.

Gutierrez phoned President Betancur to inform him of the surprising and friendly change in France's attitude.

Gone was the cool conduct of France's minister of foreign trade, who refused to cooperate on the formation of an international pool to grant Colombia a \$225-million credit in August.

11,464

CSO: 3348/44

FINANCE MINISTER ADDRESSES FRENCH BANKS ON INVESTMENT

Bogota EL TIEMPO in Spanish 22 Oct 83 p 16A

[Text] Paris, 21 Oct--An appeal for investment in Colombia and industries capable of producing capital goods was made by Minister of Finance Edgar Gutierrez, who spoke before 300 French businessmen and bankers gathered together at a major information meeting on the country at the headquarters of French Employers.

The packed meeting was attended by representatives of the largest French companies and almost all banks.

"Colombia wants foreign capital because it needs it," the minister said in the course of nearly an hour-long speech in which he also offered equal conditions for foreign investment to those enjoyed by domestic capital.

Gutierrez said that the Colombian Government wants investment in the previously mentioned sectors, giving priority to electrical materials and equipment, electronics, industrial and agricultural machinery, certain branches of the iron and steel industry, chemical products, wood and paper pulp and equipment for intensifying fishing activity.

The interest of these sectors was noteworthy at the meeting because represented at it were the largest electrical equipment and materials firms, electronics companies such as Thompson, enterprises that make industrial machinery and the powerful French chemical industry.

The speech by the minister was aimed at showing the relatively sound health of the Colombian economy on a continent besieged by high inflation and indebtedness.

The relative stability of Colombia was explained by the minister as a result of moderate rates of inflation within the Latin American picture, the contribution of domestic savings to development and the two tax reforms of the last decade which, in expanding the tax base, have resulted in a low budget deficit and the prudent policy followed by the country in the handling of the foreign debt.

Gutierrez, going more deeply into the factors different from those of other Latin American countries, also mentioned the flexibility of rates of exchange, the emphasis given to energy resources and essentially the fact that foreign financing has been oriented toward investment, especially the infrastructure.

Emphasizing the contribution given by the current government to the economic recovery, the minister of finance recalled that at the beginning of this decade, there was a noteworthy drop in industrial and agricultural production, a heavy fiscal deficit, high inflation, high rates of interest and a drop in exports.

In order to face this situation, Gutierrez said, the current government created tax and monetary incentives to promote foreign trade. It expanded the tax base and tried to obtain a decline in interest rates.

He said that there have already been important signs of economic recovery and that this year, the growth in the gross product could be 3 percent.

He emphasized that after oscillating between 25 and 27 percent, inflation is now 17 percent. However, he added that for 1984, the government hoped it would not go over 14 percent.

Following the speech by the minister, those attending the meeting asked questions on the wage cost, possible tariff protection or preferential treatment for industries to be set up.

They also asked for explanations on the type of electrical and industrial equipment that Colombia could produce. The minister and Director of Planning Jorge Ospina Sardi gave quite precise reports on these matters.

The manufacturers, whose speeches were marked by some timidity, perhaps as a result of their lack of specific knowledge of the Colombian economic picture, were interested in having more detailed information in Paris on investments of interest to Colombia, the proper procedures and conditions required by that country.

Some asked whether Paris had a specialized office in Colombia for funneling investments.

This was perhaps the only fragile point of the meeting because it was obvious that the orientation required by possible investors exceeds traditional diplomatic frameworks.

11,464
CSO: 3348/44

BRIEFS

M-19 CONTINUES TRUCE EFFORT--Florence, 21 Oct--The command of the M-19 southern front has rejected statements by Gen Gustavo Matamoros D'Costa to the effect that "there will be no truce" of the army in fighting terrorism in the country. A document from that guerrilla organization seen by the local press media states that the only person with constitutional power to make such declarations is the chief of state. The document reiterates proposals of continuing open dialogue such as that begun in Madrid, but in the light of a truce and respect for civil freedoms. Statements by the subversive M-19 movement come at a time when the situation of public order in the department is truly disturbing, based on the report issued last night in the departmental assembly by Jorge Silva Cabrera, in charge of political affairs. [By Nelson Osorio Patino] [Text] [Bogota EL TIEMPO in Spanish 22 Oct 83 p 3A] 11,464

CSO: 3348/44

BRIEFS

NEW NEWSPAPER IN OPERATION--AL DEBATE, a new morning newspaper, began circulation on Thursday. Mayda Solis has been appointed director of this newspaper, which has more than 300 shareholders, including various politicians. The newspaper currently employs 10 reporters, but it expects to expand its staff soon. [Summary] [PA172252 San Jose LA NACION in Spanish 8 Nov 83 p 7-A]

SUPREME COURT MAGISTRATE ELECTED--The legislative assembly elected Juan Luis Arias as magistrate of the Supreme Court of Justice by a vote of 34-4 yesterday. Arias will replace magistrate Rodrigo Zabaleta, who retired. [Summary] [San Jose Radio Reloj in Spanish 1200 GMT 15 Nov 83 PA]

EXCHANGE RATE DECISION--Central Bank Executive President Carlos Manuel Castillo Morales has announced that the bank's board of directors decided yesterday on a single exchange rate--43.15 colones for purchases and 43.65 colones for sales--as of 11 November, within the economic stabilization program agreed upon with the IMF. [Summary] [PA160345 San Jose Radio Reloj in Spanish 1200 GMT 11 Nov 83]

CSO: 3248/178

LIONEL SOTO INTERVIEWED ON PARTY AKTIV ON EFFICIENCY

Havana GRANMA in Spanish 11 Oct 83 p 2

[Interview with Lionel Soto Prieto, a member of the Secretariat of the Cuban Communist Party's Central Committee, by Jose M. Norniella; date and place not specified]

[Text] Around 250,000 members and candidate-members in some 15,000 rank-and-file party organizations in state-run production enterprises have already begun a vigorous effort to ascertain where or in what production process material, labor and financial resources can be conserved to cut production costs.

This process, which encompasses all sugar, agricultural, industrial, construction, transportation and communication enterprises, will culminate with the National Party Aktiv on Enterprise Profitability, to be held on 16 and 17 January 1984 at the Palace of Conventions. It will be attended by more than 500 party members, including secretaries general of party groups and committees and of union bureaus and enterprise directors.

Because of the interest that this event has aroused, not only among party members but among all workers, including those in many work places in the nonproduction sphere, GRANMA has interviewed Comrade Lionel Soto Prieto, a member of the Secretariat of our party's Central Committee, who will talk to us about these party aktivs, which will unquestionably spark a mass movement for enterprise profitability.

So, without further introduction, let us move on to the questions and answers.

[Question] Comrade Lionel Soto, one of the goals of the National Party Aktiv is to analyze to what extent Economic Accountability is really being implemented in enterprises. According to the resolution

that the Second Congress of our party approved on the Economic Management and Planning System, the level of efficiency is not yet satisfactory. We have been talking for a long time about efficiency, and we have recently begun talking about profitability. Nevertheless, we still do not all understand what efficiency is. Could you clarify these concepts a bit for us?

[Answer] The First Party Congress in 1975 adopted the Economic Management and Planning System that is currently in force and decided to apply Economic Accountability, the administrative method of a planned socialist economy, as its core.

As we know, Economic Accountability, simply put, means that enterprises should cover their expenditures with their own earnings and make a profit. This is profitability.

If an enterprise has losses instead of profits, it is unprofitable and a burden on the national economy.

The Cuban economy has been moving forward over the years in the development of monetary and commercial relations, and the financial categories that gauge economic activity in monetary terms have become increasingly important.

The categories cost, earnings and profitability, which pertain to the financial sphere, are the ones that reflect production activity and its economic results most accurately. If we study these three interrelated categories, our conclusion will be that profitability is the most accurate yardstick of the success or failure of a production center's efforts. Profitability is generally expressed as an index or as a ratio between earnings and production costs. For example, the plan could be that a given branch of production or an enterprise, establishment or factory must have a profitability of 15 or 20 percent. This profitability index has to do with production costs and earnings.

The technical framework of these operations is unquestionably complex and is the province of economists, accountants and financial managers. But there is a very simple explanation that every enterprise director or administrator of an establishment, factory or shop can give his workers so that even those who are the least knowledgeable about economics can understand this: whether they make or lose money by producing. If they make money, they are profitable; if they do not, they are unprofitable.

It must be the continual task of party members, administrative personnel and workers to achieve, maintain and increase the profitability of their workplaces.

It is true that there has been a great deal of talk about efficiency, but the word has been repeated so often that it has become vague. Many people never find out what an efficient entity is all about.

I think that in the view of economists and administrators, efficiency really means achieving and surpassing a level of well-planned profitability. If this is achieved, it means that all production parameters have been fulfilled, beginning with the average wage-productivity ratio, the rational use of raw materials, materials, fuels, lubricants and energy, quality output, a well-organized work flow and no squandering of human, material or financial resources.

This is, of course, the ideal. It cannot always be attained, but there is a mean that yields a given result, economic success, the average expected profitability.

[Question] Have the national economy and enterprises succeeded in becoming more efficient and profitable over these years?

[Answer] Yes, we have moved steadily forward in efficiency and profitability in the national economy and in some enterprises as well, but we still have a great deal to do. We must make major efforts in all of agriculture, sugar cane and non-sugar cane growing alike. We have a large productivity reserve in agriculture, because the workers play a more important role here than in other sectors and branches of the economy.

Problems, as well as successes, can be pointed out everywhere. We want the entire party and all of our people to struggle to make enterprises more profitable than they are and to make unprofitable ones profitable.

[Question] How can the workers help to make for a better Party Aktiv?

[Answer] All of us workers are becoming more and more aware that we are the owners of everything that exists in the country, everything that the Socialist Revolution has salvaged or created. This explains the enthusiasm of the masses in preserving our common patrimony and in furthering all of the aspects of economic and social life. There are always exceptions to the rule, however. Not everyone has the same level of awareness. Not everyone properly grasps the complexity of economic phenomena. Not everyone properly understands the link between small local efforts in conservation and production and the impact of millions of such efforts.

Industrial and farm workers are the principals in this major economic battle. As a group, they know exactly where something can be conserved, where management is poor or waste is going on. Hundreds of thousands of them are members of the Communist Party, and tens of thousands are activists and union leaders. The working class has raised its cultural level greatly, and tens of thousands of them have a good understanding of the workings of the economy. They represent a decisive, irresistible force for eliminating shortcomings.

As you know, the Party Aktiv on Enterprise Profitability will be the culmination of a national movement based on discussions in all rank-and-file party organizations in the production sphere and in all enterprises in the agroindustrial sphere, sugar cane, farming,

industry, construction, transportation and communication. Rank-and-file party organizations include groups (some enterprises have 50 or 60 groups) and party enterprise committees. Discussions will take place first in all groups, and then a Party Aktiv will be staged in each enterprise to ascertain how the members think economic performance can be improved.

The great majority of enterprise directors and administrators and leaders of economic entities are members of the party. This makes possible an in-depth examination, within the party, of the views of the workers, technicians and other production and administrative personnel.

When a comrade who is not a party member and who holds a leadership post is needed to clarify a point or enhance an analysis, he can be invited to the group meeting or to the Party Aktiv if its participants so desire.

[Question] Lionel, what issues are discussed at an aktiv?

[Answer] Three main issues are discussed in both the groups and at the National Aktiv: the determining factors for making losing enterprises profitable and to boost profitability in general, the conservation of materials as an indispensable factor in achieving enterprise profitability, and the role of party rank-and-file organizations in the struggle for enterprise profitability.

[Question] But these are somewhat general issues. Could you discuss them in greater detail?

[Answer] Each of these three issues has several subissues that could reflect the situation in one or another work center, inasmuch as an enterprise or establishment could have one or several problems. It is the task of the workers to ascertain these problems and formulate a joint work program to eliminate them.

The factors that determine profitability are, specifically, an optimum use of basic resources, an optimum use of operating capacity and production potential, and secondary lines of production. We will also analyze the quality of production and services, the rational utilization of manpower, a proper use of financial resources, the application of scientific advances and more productive technologies and the degree of application and adaptation of the economic mechanisms of the Economic Management and Planning System.

Pertinent here, for example, are problems having to do with the organization of labor in general, the system of bonuses, and everything related to the maximum utilization of operating capacities in industry, of machinery and of equipment. All of these issues are crucial to the economy.

With regard to conservation as an indispensable factor in achieving profitability, the announcement of the activ will explain that the conservation of fuels, lubricants, electric power, raw materials and other materials must be discussed, as well as the use and refining of consumption standards, inventory problems (standards, idle resources, etc), the production and salvaging of spare parts, and the recycling of raw materials and other materials.

In connection with the role of rank-and-file party organizations in the struggle for enterprise profitability, we will analyze the work of party groups and committees and their members, the activities of union sections and the direct involvement of the workers in formulating the Technical-Economic Plan and in monitoring the enterprise's economic performance.

We feel that this agenda will open the door to the wide range of cases that will surely be brought up.

[Question] When the discussion turns to economics, the issue of economic awareness almost always comes up. A great deal of emphasis has been placed lately on the need for party and State cadres to achieve a greater economic awareness. Why has economic awareness not developed as quickly as other types of awareness?

[Answer] It is no small, short-term task for a people to acquire an awareness of a political, economic or social need. This is a more or less lengthy process. What is basically required is to stimulate a perception of the need and to instruct and educate to achieve the necessary conduct.

A political awareness is developed in the midst of a revolutionary process more quickly and more strongly than an awareness of economic phenomena, what we call an economic awareness. This requires a longer learning process. When we Cuban workers threw out the Yankee imperialists and overthrew the bourgeois large-landed estate owners who were subjects of the imperialists, we had no experience in administration, much less in running an economy. The imperialists, the bourgeoisie and the large estate owners were the administrators. They defended their property and their privileges tooth and nail. They didn't care a bit about the welfare of the workers; their only concern was to make as much profit as possible, by exploiting and impoverishing the working masses. The workers struggled against that situation. Later, they had to learn what the exploiters knew and much more, because this was a way of identifying with the revolutionary and creative yearnings of the working people. That was where we started. We have learned a great deal and trained tens of thousands of cadres from among the workers and their children. We can still do a great deal more, however. We must do much more, because the Yankee imperialists are threatening our country and because the economic blockade has tightened amid the acute worldwide capitalist crisis, marked by inflation and falling prices for basic commodities, as has been explained to us so often.

It is true that the economic awareness of thousands of party and State cadres has not been developed as much as necessary. But we are not just going to intensify the awareness of the cadres. We must undertake ceaseless efforts among the working masses so that they will have a beneficial influence on party and State cadres and organizations in connection with the struggle for profitability.

[Question] Lionel, the rules for holding party aktivs say that they are neither party organs nor organizations and, therefore, do not approve agreements or resolutions. How can the many valuable opinions and suggestions put forth at the National Aktiv be properly channeled afterwards?

[Answer] Party aktivs are held to discuss a given issue and to conduct an analysis of it, so that a consensus can be developed. A report must then be submitted to the Secretariat of the party's Central Committee, setting forth the conclusions of the aktiv's organizers. Proposals must then be formulated on the basis of this report and submitted to the Politburo and Secretariat of the Central Committee for their consideration. Moreover, recommendations are always made as to the activities of the central and local State organizations, in other words, ministries, State Committees, central institutes, local People's Government organs, etc. The agreed upon decisions and recommendations are then followed up until they are implemented.

The struggle for profitability is not, of course, a campaign of agitation or even an intense mobilization over a period of months. The struggle for profitability is an ongoing effort by the party, the government, ministries, enterprises, provincial and municipal committees, rank-and-file party organizations and unions. This is a struggle that cannot be abandoned, that must be kept in the forefront of a socialist society's activities.

Pertinent proposals can naturally be put forth and implemented after the National Aktiv.

Furthermore, the CTC [Central Organization of Cuban Trade Unions] and its national unions have enthusiastically taken up this cause, and the CTC's 15th Congress will be focusing, among other things, on the struggle for profitability. The position papers issued by the CTC discuss these ideas, which were also debated at the union assemblies called for this purpose. Millions of workers looked into this issue. The most important thing is that both the party's organizations and the government, as well as the labor movement, are strongly motivated in this regard.

This movement cannot fail because its continuity is assured through the economic plans, which are discussed every year by the workers. The party's rank-and-file organizations (groups and enterprise committees) and the party's municipal and provincial committees will also include the goals for each period in their work programs. Furthermore, this

is a steadily mounting struggle. It is not a new struggle either; we have been fighting for years now to achieve these goals, and from now on they will be stressed that much more strongly. Our economy's level of development and all of the mechanisms being applied under the Economic Management and Planning System have laid the groundwork for new and greater accomplishments in the immediate future.

[Question] What can you tell us about the organization of the National Aktiv?

[Answer] As I have already said, discussions have begun in the groups, which are analyzing and studying the document announcing the aktiv and establishing the positions of the party organizations in departments, units, shifts and brigades. Concurrently, all of the groups in a local, provincial or national enterprise, represented by their secretaries general and by other designated and invited members, will organize the aktivs in their enterprise. In some provinces, municipal, sectoral or branch profitability aktivs will be held, or all three kinds; this is up to the provincial directors, whose decisions will be based on the varying conditions in each province and in the special municipality of the Isle of Youth. A provincial aktiv will be staged afterwards to synthesize the various local experiences.

Both the provincial aktivs and the National Aktiv will be attended by representatives of rank-and-file party organizations, directors of enterprises, administrators of establishments, union organizations, the UJC [Union of Young Communists], the Technical Youth Brigades, the National Association of Innovators and Efficiency Experts, and provincial and national party and government leaders. Instructions have gone out that the aktivs be attended by representatives of enterprises that have been well, passably and poorly run, so that the full range of conditions in production activities are reflected.

There should be some 500 comrades at the National Aktiv. On 16 January there will be discussions in specific committees on the main sectors of the economy, and on the 17th there will be an open debate in a plenary session. When the Secretariat of the party's Central Committee decided to call the profitability aktivs, it stated that profitability is a major collective task for all leadership cadres and that the specialized departments of the Central Committee should play a very active role in this, which they are. Some 250,000 party members who work directly in production will be debating the above agenda.

As Comrade Fidel has stated in several speeches and as set forth in the resolution of the Sixth Plenum of the Central Committee, the focus of this major mobilization is the conservation of materials: raw materials, other materials, fuels, lubricants, electricity. We are also stressing the conservation of manpower and financial resources. If production costs are not pared and if all resources are not used more rationally, profits cannot rise and profitability cannot be achieved or boosted. We have no doubt that this large-scale movement will save tens and then hundreds of millions of pesos for the nation's economy.

All of the country's workers, both white-collar and blue-collar, must strive to fulfill the Party and Government Program of Measures to Achieve Economic and Social Objectives during the remainder of this year and the program for 1984. Furthermore, if we succeed in consolidating this kind of work (and all indications are that we will), we will be going a long way towards carrying out the present 5-Year Plan and subsequent 5-year plans.

As you can see, Comrade Norriella, we are predicting a long life for the enterprise profitability movement.

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CSO: 3248/141

BRIEFS

CEMA MEETING ON COMMUNICATIONS--The 24th meeting of the CEMA Permanent Commission for Electrical and Postal Communications will begin Monday, 21 November at the Palace of Conventions in this capital. Representatives of Bulgaria, Hungary, Vietnam, GDR, Poland, Romania, Czechoslovakia, and the USSR will attend together with a delegation from the Socialist Federal Republic of Yugoslavia, included by virtue of an agreement between CEMA and the Yugoslav Government. The CEMA Permanent Commission for Electrical and Postal Communications constitutes a means of developing the communications infrastructure among its members. The 24th CEMA meeting will be inaugurated in Havana with a solemn session dedicated to the International Year of Communications. [Excerpts] [FL191957 Havana Domestic Service in Spanish 1907 GMT 19 Nov 83]

CSO: 3248/177

DOLLAR EXCHANGE RATE RISES, PROVOKES REACTION

Exchange Offices Suspend Sales

Santo Domingo LISTIN DIARIO in Spanish 8 Oct 83 pp 1, 10

[Article by Rafael Bonnely Ricart and Eunice Lluberes]

[Text] Several foreign exchange offices in Santo Domingo suspended the sale of dollars yesterday afternoon in spite of the fact that two of the owners said that the flow of foreign exchange into those offices has increased.

At the same time a communique by the Association of Foreign Exchange Offices states that if necessary, it will issue the appropriate instructions to its members to close the foreign exchange offices throughout the country "for a reasonable period of time" until the current uneasiness subsides and the market stabilizes.

Lacinio Pichardo said during a telephone conversation that the flow of dollars into the foreign exchange offices had improved because reports on the rise of the exchange rate had come to the attention of Dominicans residing abroad and they had sold their dollars.

Lacinio Pichardo, the president of a foreign exchange office, reported that the dollar was quoted yesterday at 75 per 100 for the sale of the Dominican peso without showing any significant fluctuation since its sudden rise last Thursday.

However, in telephone calls to foreign exchange offices, it was learned that they were buying at 72 per 100 but that there were no dollars for sale.

This was the closing rate at several foreign exchange offices.

On the other hand, with regard to the communique by the Association of Foreign Exchange Offices that it was ready to order all its members to close, Lacinio Pichardo expressed support for this step while Chicot said he was not in agreement but would abide by the organization's decision.

Pichardo said it would be advantageous to stop buying and selling dollars for 3 days and then reopen at a lower exchange rate.

Although he said that one cannot predict what will happen after this step is taken, some new corrective steps by the government could stabilize the exchange rate once and for all.

Commercial Banks

The commercial banks that are in the Free Foreign Exchange Market yesterday maintained the dollar rate at between 58 and 58.80 per 100 for sales operations.

But there were no dollars for sale when one went to buy them.

The Banco Popular of Lope de Vega quoted the dollar as selling at 58.10 and was buying at 56.60 per 100.

The rate for selling at Chase Manhattan Bank was 58 and for buying 57.

The Banco de Boston quoted a 57.2 rate for buying and 58.8 for selling while the Citibank rates were 57.20 and 58.80 respectively.

The quotations at the Banco de Nova Scotia were 58.80 for selling and 56.8 for buying.

The Banco Central suggested that the commercial banks quote 55.2 for buying and 56.8 for selling.

Commercial banks are authorized to increase the Banco Central quotations by up to two points.

LISTIN DIARIO reporters verified yesterday that the roving salesmen maintained the quotations of 75 per 100 for selling and 73 for buying.

Business Leader Advises Community

Santo Domingo LISTIN DIARIO in Spanish 8 Oct 83 pp 1, 10

[Article by Eunice Luberes]

[Text] The secretary general of the National Council of Businessmen [CNHE] yesterday urged Dominican entrepreneurs and all customers of the Foreign Exchange Parallel Market to act "calmly and prudently, abstaining from acquiring foreign exchange at unrealistic rates."

Dr Andres Dauhajre, also first vice-president and official spokesman of the National Association of Importers, said that the foreign exchange offices should at this moment have the good sense not to buy foreign exchange at high prices so as to avoid building up a high-cost inventory which could cause them large losses.

Dauhajre pointed out that within a few days the dollar exchange rate will have to drop to acceptable levels since there are favorable economic indicators.

He said, "I see no economic indicator which explains the chaotic rise which has taken place lately on the Parallel Market."

He suggested that the rise in the dollar quotation, which has already passed 70 per 100, was "an allergic reaction to certain control measures" imposed on the exchange offices which fortunately have disappeared.

He said that the delay last September in opening letters of credit may have built up pressure for a rise in the market but at this moment the indicators are favorable.

He said that the Banco Central has turned over to the commercial banks U.S. \$20 million for opening letters of credit. President Salvador Jorge Blanco has announced that no extraordinary steps will be taken to control the Parallel Market.

Besides, the Monetary Board has issued a series of resolutions to stimulate an increased national agricultural production and to feed the foreign exchange market.

He mentioned the resolutions which grant 100 percent of the foreign exchange to agricultural exporters, which grant 10 percent to the Rosario Dominicana for its exports of gold and silver, and which authorize the delivery of dollars to exporters covered by Law No 69.

He said, "I believe that within a few days the rate will begin to drop if the indicated economic variables take place."

He also expressed the opinion that the foreign exchange offices should abide by the measures taken by the authorities and avoid a cold war among themselves.

He said it is his understanding that "the nation's highest authorities and the monetary authorities continuously watch foreign exchange market matters."

He said that it appears that positive steps will continue to be taken.

Thus he believes that all sectors should act with great prudence and consistency.

He said that a large part of the nation's businessmen have abstained from acquiring foreign exchange under the conviction that the abnormal situation prevailing during the last few days will improve.

He repeated that the current rate level is far above economic reality.

He added that there are studies which reveal that when circumstances were the most difficult, such as in September, the dollar did not rise above 60 per 100.

He expressed the belief that the rise above that level is entirely "pathological and unexpected."

OVIEDO AGRICULTURAL, INDUSTRIAL PROJECT STIRS CONTROVERSY

Points of Contention Considered

Santo Domingo LISTIN DIARIO in Spanish 17 Oct 83 p 6

[Commentary by Pedro Mendoza: "The Pros and Cons of the Oviedo Project"]

[Text] Up to now the only strictly scientific opinion as to the ecological damage that could result from putting into practice agrochemical procedures on the dry soil of Oviedo by the Agricultural-Industrial-Forestry Development Company has been that of Dr Antonio Thomen (See EL NACIONAL DE AHORA 23 and 31 August 1983, pages 26 and 34, respectively).

We are not going to argue here the legal aspects involved in the leasing by the government of the lands of Oviedo to a foreign company, because we are uninitiated in the matter. We shall limit ourselves to describing our thoughts from the viewpoint of ecological and medical sciences.

Fertilizer from organic matter, such as the sludge from sewage, has been of widespread use in the past two decades in many parts of the world. Those soils, whose surface layer (which favors good crops) is very poor or inexistent, can be enriched through the application of a cover of vegetable and animal organic matter (such as compost or sewage).

Technically, we call soil that most external portion of the land, which in cross section is from one to six feet in depth. Soil consists of an enormous variety of minerals, a collection of particles of different sizes; it is a collection of diluted substances and a mixture of gases. Under natural conditions there is an infinite number of microorganisms, plants, roots and small animals we may find in it.

Since the thickness of the soil runs from one to six feet and it is considered as a natural body with an extremely high degree of internal organization expressed in its profile, it appears doubtful to us that the soils of Oviedo can be made fruitful by applying only a 25-centimeter layer of compost, since they are soils of the eighth category according to the article by Junio Lora in the newspaper HOY of 8 July 1983.

Sewage of domestic origins may be used for agricultural irrigation once it has been properly treated; that use in agriculture is regulated by specifications of the World Health Organization: "The direct reuse of sewage refers to the systematic use of waste waters treated for some practical purpose such as irrigation, recreation, industry, recharging of aquifers and for drinking" (WHO 1973).

Japan, the United States, Mexico and Israel are the countries which have accumulated the greatest experience in the reuse of sewage in agriculture. It is clear that as these waste waters are used increasingly as fertilizer, the dangers of pollution, and even of irreversible damage, of the environment will increase proportionately.

This is so because the tendency toward reuse of industrial waste water is greater and greater, or will become greater, without these waters being passed through a long process of decontamination and proper treatment of their solid particles. A large part of those particles have a persistent action and are not degradable by means of any chemical or physical process. Among them we have synthetic solvents, medicines, plastics and hardeners, detergents, pesticides, herbicides and food additives.

Domestic waste water contains from 0.1 to 0.2 percent of pollutants but when industrial waste water is added, the load of pollutants increases to 19.1 percent in the best of cases.

It is undeniable that waste water, which is carefully treated for use as agricultural fertilizer, leads to a greater yield per acre of some crops than does clean water. For example, the Mexican capital produced more than 25 cubic meters of sewage per second in 1975, a very high percentage of it used to improve the yields of many agricultural crops (such as tomatoes, corn, peppers, and so forth), something not achieved with clean water.

Well and good, the WHO has established specific standards with respect to the health requirements which must be satisfied before using sewage water in agriculture. The following requirements are for crops which are consumed when cooked: primary treatment of the water to be reused (absence of solid particles, significant elimination of parasite eggs, no chemical substances which causes the appearance of toxic residues in plants and animals, significant elimination of bacteria and no more than 100 *Bacillus Coli* per 100 milliliters of water in 80 percent of the samples analyzed).

If crops are for consumption in the raw, then the health standards are: primary treatment (includes all the foregoing) plus secondary treatment (denitrification, chemical clarification, carbon adsorption, elimination of ions and absence of any substance which irritates the mucous membranes).

It is reasonable that regardless of which waste water it is, it should be subject to WHO regulations regardless of its source. If this is not done, the lethal dangers to the ecosystem and human life would be of great magnitude. If the waste waters to be deposited in the soils of Oviedo (which logically,

since they come from the United States must be supposed to contain a large pollutant load from its enormous industrial network) do not comply with these requirements, it is not too much to insist that the State must not negotiate part of its territory to be used as a sanitary landfill for the United States.

Next, and as a matter of information, we give the list of the chemical tests required by the state of Illinois for granting a permit for the use of a part of its territory as a dump or landfill for wastes contained in sewage: calcium carbonate, arsenic, bicarbonate, boron, bromide, cadmium, chloride, chrome, copper, cyanide, fluoride, iron, lead, magnesium, manganese, mercury, nickel, nitrate, pH, phenol, phosphate, potassium, sodium, specific electrical conductance, sulphate, total dissolved solids and zinc. Who will guarantee that the waste waters reaching Oviedo from the United States will have at least these basic chemical tests made on each shipment?

It would now be interesting that we comment on what would happen to our ecology in case that radioactive wastes would arrive as pollutants in the North American sewage waters.

It need not be pointed out that if there is an ecosystem extremely vulnerable to radioactive ionization it is the terrestrial ecosystem. As far as we know, the pine and oak trees are the plants most sensitive to radioactive ionization as well as to gamma radiation. A miniscule radioactive dose of 2 roentgens per day is enough to prevent the growth of a stand of pine. To cause the same effects in a forest park of oaks, an exposure of 10 roentgens per day is required. The basic damage is to the cell nucleus. If exposure happens before cell division, it is even worse. However, when cell division is slow, as is the case in large trees, man and some animals, exposure increases and the damaging effects to the organisms is doubled.

There is still more. In case the amount of exposure of a stand of red and white pine were 25 instead of 10 roentgens, defoliation would be practically total in 44 days. Therefore, if the waste waters taken to Oviedo should contain radioactive particles, it is obvious that the intention to reforest a large area of that land would be quickly cancelled. What is worse, a great ecological reverse or boomerang could occur.

Why does not the Agricultural-Industrial-Forestry Development Company (if its intentions are good) use for its project the sewage waters of Santo Domingo and Santiago? We are sure that the polluting load of these waters does not contain radioactive wastes or heavy metals. The sewage treatment plant of this city of Santiago produces three metric tons of dry sludge daily but if it were to use furnaces in the drying process it would produce 15 tons.

The Dominican capital, with more than a million inhabitants and two treatment plants with a system of drying furnaces would produce approximately 75 metric tons of compost. This means that just two Dominican cities would produce almost 100 metric tons of dry sludge (good fertilizer for arid soils) per day. It would cost the Agricultural-Industrial-Forestry Company less money to build three sewage treatment plants in the Dominican Republic with a system of furnaces and the use our own waste water than to bring it in ships from the United States to Oviedo.

In our opinion, before our government makes a decision in this respect, it should seek the disinterested and independent opinion of the persons most knowledgeable in chemistry, sanitary engineering, epidemiology, ecology, geology, soil chemistry and radioactive contamination.

In matters of radioactive contamination, an opinion which must not be forgotten but sought is that of Dr Rafael Gonzalez Masenet.

ANPA, ADIA: Abominable Implications

Santo Domingo LISTIN DIARIO in Spanish 19 Oct 83 pp 1, 19

[Article by Manuel Silvestre]

[Text] The National Association of Agricultural Professionals (ANPA) and the Dominican Association of Agronomists (ADIA) indicated yesterday that they view "the case of the controversial Oviedo Project with deep concern," saying that they consider it "abominable" because of its technical, political, economic and social implications."

The ANPA and ADIA declare: "This project, signed surreptitiously behind the backs of the people on 13 April this year between the Atlantic Forest Products or Agricultural-Industrial-Forestry Development Company and the Dominican Government through the Secretariat of Agriculture, will go into history as one of the many mistakes committed in the agricultural-livestock forestry area."

They explain that this company has as a mission "the selling of a picture of progress and development for the Oviedo region," hiding "its main objective, which is that of turning our country into a great mountain of rubbish and pollutant wastes, whose negative impact will be suffered by the ecology and future generations."

They maintain that the "generosity of the contract is only defended by those who are capable of selling our sovereignty for a dollar per tarea [.155 acre] and of helping to upset the ecological balance of a region.

They add that "it is not true, as its defenders say, that the savannah of Sanson in Oviedo is a desert zone, that there is no soil and that all there is now is the bedrock."

The ANPA and ADIA maintain that such an opinion "is a naive manner of defending something which public opinion rejects because it is harmful to the interests of the country."

They explain that surveys made in the savannah of Sanson reveal that 80 percent of the natural resources there are virgin forests, while 21 percent is made up of native plants [as published].

They point out that there are 435 different plant species there and about 15 percent of melliferous vegetation, with which the production of honey in the zone could be sextupled.

They add that 8 percent of the forests is suitable for the production of charcoal, posts and railroad ties, and 9 percent is suitable for the furniture industry.

Moreover, 3 percent produces food for birds, 2 percent food for reptiles, 14 percent is for various uses, 2 percent for industrial use and 3 percent for perfumery and pharmaceutical uses.

The agricultural-livestock entities point out that in the savannah of Sanson there exist 22 species of reptiles and amphibians and that 53 percent of all the animals of the country dwell there, animals such as pelicans, turtles, flamingos, ducks, coots and parrots.

They explain that there are Class III, IV and VI soils in the savannah, indicating that the first two, through the use of the abundant subterranean water, may be highly productive.

They denied that the savannah is a desert, saying that there are more than 20 kilometers of lake in it.

8908

CSO: 3248/127

FMLN-FDR OUTLINES FRAMEWORK FOR PROPOSED NATIONAL DEBATE

Mexico City EL DIA in Spanish 15 Oct 83 p 15

[Text] The proposal to hold a national debate in El Salvador concerning the origins of the conflict that has caused upheaval in that country, the solutions that should be sought and the specific steps that must be taken for that purpose was opposed in Bogota by the representatives from the Salvadoran Government's Peace Commission. The sole reason for their position was the instructions that they had to the effect that the only thing they could propose as a solution was the elections without a set date for which the Magana regime has called.

To counter the FMLN [Farabundo Marti National Liberation Front]-FDR [Revolutionary Democratic Front] argument relating to the lack of objective conditions for holding elections, the members of the Peace Commission maintained that a national debate on the country's situation was "elitist," and that the true debate was the electoral one. What is, quite obviously, fear of opening a discussion of the country's reality appears to be the underlying reason for the lack of a response to this proposal which they eventually agreed to convey to President Magana. The proposal states:

"FMLN-FDR is keenly interested in having the largest number of sectors take part in the search for a real solution to the country's crisis. We are of the opinion that all sectors and all of us Salvadorans can contribute to the attainment of peace, democracy and justice in our society. We know that the government's Peace Commission has expressed similar convictions; hence, our fronts are making the following proposal, the purpose of which is to achieve an extensive discussion of the present national problems, as well as to obtain constructive contributions toward surmounting them

"We, FMLN-FDR, propose the holding of a National Debate Movement for Peace, the features of which would be as follows:

"1. From 6 to 8 weeks of preparation; 2 weeks for implementation.

"2. Date: from 21 November to 2 December or, as an option, from 4 to 16 December 1983.

"3. Location: San Salvador.

"4. Participants: In an attempt to achieve the broadest participation, we propose:

"The political parties comprising the government.

"FMLN-FDR.

"The Catholic and Evangelical Churches.

"The labor, workers' and peasants' organizations.

"The private enterprise organizations.

"The universities and teachers' organizations.

"The professional associations.

"and, 5. Agenda:

"We propose three major topics, which will have to be subdivided and made specific:

"a. Causes of the crisis in our society.

"b. Optional solutions for the crisis.

"c. Concrete measures for surmounting the crisis.

"6. Organization of the event.

"We propose that, to organize it, a special commission in which our front, FMLN-FDR, would participate, be formed. This special commission would devise regulations setting the rules for organizing the event.

"7. Publicity.

"The debate must take place with conditions marked by freedom and security for all participants. It must also be assured that the Salvadoran people have access to the debates and their results, through the various news media.

"In submitting this proposal, FMLN-FDR reiterates its desire to help achieve peace with justice and freedom for the Salvadoran people. We are doing so in a constructive spirit of dialog; and hence we are willing to consider and discuss any changes that the Peace Commission may make, once the proposal has been considered.

"El Salvador, 25 September 1983."

2909

CSO: 3248/150

FMLN-FDR SUMS UP POSITION AT BOGOTA 29 SEPTEMBER MEETING

Mexico City EL DIA in Spanish 15 Oct 83 p 15

[Text] The maintenance of a social and economic structure benefiting minority interests, the "obvious, growing control over El Salvador's political, economic and military decisions by the present United States administration" and the rejection of the militarist policy of President Reagan's government are the main elements in the remarks made by the delegates from FMLN [Farabundo Marti National Liberation Front]-FDR [Revolutionary Democratic Front] to the Peace Commission of El Salvador at the meeting held at Bogota on 29 September. A written summary of those remarks was sent to the Salvadoran Government through its representatives at that dialog. The text of this summary is as follows:

'Causes of the Salvadoran Conflict'

"In our country, a national economy has been built which is aimed fundamentally at benefiting minority interests, those which concentrate both property and income and whose operating base lies in the need for keeping large contingents of the population unemployed, for the purpose of attaining and maintaining high earnings rates among the owners of the leading export products.

"The concern for maintaining this social and economic structure explains the government's use of violence to curb our people's various statements seeking improved living conditions for the workers. It also explains the constant exclusion of our country's majority social sectors from the fundamental decisions that are made or omitted, which would have directed our society along the path of democracy that would foster solutions for the constant social injustice that has typified El Salvador.

"Hence, it is not surprising that various popular sectors have initiated, backed and maintained new forms of struggle, aimed at asserting their rights to change the prevailing situation which denies them even their most basic demands. The military-political conflict that is under way in our country at present has, precisely, an internal origin which is acknowledged both nationally and internationally.

'The Current Political System'

"There is an obvious, growing control over El Salvador's political, economic and military decisions by the present United States administration. The government

and its Army follow the instructions devised by the Office of the Secretary of Defense and the State Department of the United States, which seeks to physically destroy the opposition to the Salvadoran Government, in order to preserve an intolerable domination over our country, destroying our national sovereignty and independence.

"The explanation for the inability to offer solutions for the problems besetting our population lies precisely in the fact that it is an exclusive government consisting of small economic groups, leaving out the social sectors which represent the majority interests in the country. Nevertheless, their non-participation will keep up a constant political crisis such as the one we are undergoing in El Salvador at present.

"The obstinacy of small family groups, keeping control of the state, which want to retain anti-historical, illegitimate privileges, has led to the present state of complete abrogation of our people's economic, social, political and cultural rights. Furthermore, they want to attack our population, which will have doubled during the next 20 years, and to hamper the national development that the present time demands and that will be compulsory in the future.

'The Solution to the Salvadoran Conflict'

"Two options for solving the Salvadoran conflict are propounded at the present time:

"1. The military solution, encouraged by the present United States administration, and backed by a small military, political and economic group in El Salvador.

"2. A negotiated political solution, proposed by FMLN-FDR, which would include, in its implementation, all the social, political and economic groups concerned with building a true democracy in El Salvador.

"Actually, the recent statements made by Pentagon spokesmen and other prominent members of President Reagan's decision-making groups attest to the policy that the United States administration has decided upon toward El Salvador and Central America, concerning which there can be no doubt that they desire to conquer our popular army militarily, at any cost. This administration is not concerned at how much of a social and economic price would be entailed by maintaining this irrational policy.

"Nevertheless, and despite the fact that, last year, the aid from the United States Government was doubled to back the Salvadoran Government's Army, the casualties suffered by the latter in confrontations with FMLN have also doubled.

"The Office of the U.S. Secretary of Defense itself (Pentagon) has had to admit the progress and gains made by FMLN in the military area, and the government Army's inability to defeat FMLN.

"A convincing example of our military and political capacity is the military action that we have carried out during September which, in less than a month, accounted for several hundred casualties in the government Army and scores of war weaponry recovered in the field.

"This proves that time is working in our favor, and it strengthens our conviction that a military victory on our part is both predictable and sure, and that it will not be impeded even with direct intervention by United States troops; because, even if our territory were occupied militarily, our people would struggle against the invader in many ways.

"However, our position is not a war-mongering one, and we reject the Reagan administration's militarist policy for 'solving' our conflict, proposing that our option of a negotiated political solution would lend viability to an effective democratization process in El Salvador.

"Owing to the conditions that have been cited, it is obvious that the elections proposed by the Salvadoran Government are no substitute for a political solution, because they would not resolve the Salvadoran conflict.

"The political conditions under which they want to hold the elections scheduled for 1984 are even more difficult than those in 1982; therefore, we have made the decision concerning them, inasmuch as they are a spurious optional solution.

"Our position is that the solution to the Salvadoran conflict will start to be effective upon the establishment of an extensive government group, representing different political, social and economic sectors. This government would create new conditions, and would hold truly free elections at the proper time. We believe that such a new government could not be achieved without participation by FMLN-FDR.

"Since the conflict must be resolved by the Salvadorans involved, fostering a negotiated political solution that would have the majority support of the Salvadoran people, the proper course of action is to continue the dialog in El Salvador.

"These are the positions that our Parliamentary Commission set forth to the Peace Commission, to have them passed on to the government to which it is subordinate; but recognizing that this commission, putting into practice the goals for which it was created, in other words, 'to study the problems associated with the restoration of peace and to propose solutions that will allow for a permanent, strong, harmony and stability,' might also encourage among various social sectors their participation to discuss the Salvadoran conflict which is of concern to all of us alike.

"Bogota, 29 September 1983.

"Marisol Galindo, Dagoberto Gutierrez, David Mena, Jorge Villacorta."

2909

CSO: 3248/150

'ANDES 21 JUNE' REPORTS ON MEETING WITH MINISTRY OFFICIALS

San Salvador EL MUNDO in Spanish 18 Oct 83 p 14

[Paid Advertisement]

[Text] ANDES 21 OF JUNE

Reports to Salvadoran Teachers

We Are Pushing the Struggle to Solve the Teachers Problems

At the present time, characterized by the ever deepening economic, political, and social crisis, our association is redoubling its efforts to resolve in some measure a whole series of problems that greatly affect the interests of Salvadoran teachers. Along these lines the Executive Council of our association met with the heads of the Ministry of Education to discuss the teachers' problems and their possible solutions.

Following is a report on the discussions held at the meeting and the results thereof.

1. Extra Pay and Class Hours.

The ministry made a commitment to grant extra pay no later than 15 November and to make class hours pay a permanent budget item.

2. Change in Budget Status for a New Class of Teachers.

It was reported that the ministry had already anticipated this situation, and there would be no problem. One thousand five hundred D [teacher] 1 slots have been requested and 500 D2.

3. The Situation of Distinguished Teachers.

They informed us that they had formed a commission together with the Ministry of the Treasury and the Court of Accounts [Corte de Cuentas] to seek a solution to the problem and they agreed that all the teachers on detail would be confirmed in the slots they are serving in at present during the budget authentication process starting next year. In addition, they reported that starting

1 January 1984 there would be no further detail assignments for teachers and that there would be some transfers in the metropolitan area, but at the convenience of each teacher and with his agreement.

4. Salary Increases for Promotions.

They reported that the Treasury Ministry had already allocated 4,000,000 colons to cover step increases starting in January. Authorization by Treasury is the only thing needed to make such payments. ANDES insisted these payments be made from the date of promotion, as agreed to by the leadership of the Constituent Assembly. The minister promised to request a joint hearing in the Assembly to take up this matter.

5. Medical-Hospitalization Problem.

On this problem they reported that they were establishing a new section in the Teachers' Welfare Office and were examining assessments to determine how much the teachers would contribute and how much the government would contribute. The ministry heads promised to pressure Treasury to authorize payments to physicians. They also stated that arrangements were being made for the actuarial study and that they were in total agreement with our request for autonomy for the Teachers' Welfare Office.

6. Insurance Payments by Centroamericana and the Credit Union.

They informed us that a legal commission had been established to seek insurance payments by the Centroamericana but that this was not progressing because of lack of data from our legal department. All efforts will be made to ensure the commission completes its work. Regarding the credit union, many of the problem cases are due to lack of documentation. They insisted that 90 percent of the cases were suffering from lack of documentation and suggested that the beneficiaries gather the legal documentation together and pay the insurance.

7. Construction and Reconstruction of School Buildings and Supplying of Teaching Materials.

They responded that construction was under way at Santiago Nonualco and Ahuachapan and construction of the M. Garcia Flamenco School in Santa Tecla had been approved. Also, that the Ciriaco Lopez School construction would begin starting in March of next year. Regarding the supplying of teaching materials, Treasury has now authorized the purchase of such materials, which will be assigned to each school principal on the basis of priorities and statistics.

8. Financial Aid to the Families of Missing Teachers.

The ministry heads promised to work on the preparation and presentation of a bill to this end to the Constituent Assembly.

9. Salary Increase of at Least 50 Percent of Present Levels for All Teachers.

They informed us that the necessary steps had been taken, but the president and the treasury had given instructions to prepare the 1984 budget without the salary increase.

10. Return of the University Campus to the Legitimate UES [University of El Salvador] Authorities.

They reported that this case was in the hands of an ad hoc commission in which only the Ministry of Education was participating.

Regarding the university budget, treasury has now authorized 6 million colons for the UES from salary economies achieved in the Ministry of Education.

11. Actions Against Teachers and Students.

On this aspect they stated they were unable to solve such a serious violation of human rights; they only promised to bring up this situation before the Government Commission on Human Rights.

12. Payment of Salaries to Imprisoned Teachers.

They promised to request passage of Decree 144, which provides that imprisoned teachers may continue to receive their salaries and permits the families of these teachers to present payroll and other documents, as in the case of the previously imprisoned teachers.

13. Abrogation of the Unpopular, Undemocratic, and Unconstitutional Decrees 155, 296, 544, and 507.

They promised to take the necessary steps on this with the government, stating at the same time that in their reply they could not speak for the Constituent Assembly.

14. Situation of Teachers Receiving Salaries of 300 and 530 Colons.

There was a commitment in that all teachers in Plan III would be established as D1, with a monthly salary of 545 colons, with service to be retroactive to their graduation.

15. Situation of Clerks and Drivers of the TVE Who Will Be Retired From That Office.

They stated that these persons would in no way lose their jobs as they would be absorbed by the Office of General Services. They also informed us that all the workers on contract with the Ministry of Education would be included in the budget.

IMPORTANT NOTE: Comrades: you should be alert for all the information we will be transmitting to you on teachers' problems on the television educational channel, as agreed to by ANDES-EDUCATION.

COMRADE: BE READY TO BRING UP ANY PROBLEM CONNECTED WITH YOUR WORK! LIVING
CONDITIONS! EVERYONE, DEFEND OUR GAINS!

FOR THE DIGNITY OF THE TEACHING PROFESSION

EXECUTIVE COUNCIL OF ANDES 21 OF JUNE

9015

CSO: 3248/94

UNIVERSITY ASSEMBLY ANALYZES FAILINGS OF GOVERNMENT

San Salvador EL MUNDO in Spanish 14 Oct 83 p 21

[Paid Advertisement]

[Text] The General University Assembly of the University of El Salvador to the Salvadoran People

The General University Assembly, motivated by the ideal of being the driving force at the foremost center of studies for the fulfillment of a mission of creativity, development, and dissemination of science, education, and culture, has decided to publish its opinions concerning the conditions that are preventing the University of El Salvador from attaining its objectives.

An overall view of the historic events nationwide starting in 1980 provides us with an explanation, but never a justification, of the militarization of the campus, the aggression against its autonomy, and the budget cuts as concrete manifestations of the irreconcilable antagonism existing between the government and the school. The pretexts cited for the closure were political and military. The university was said to be a focus of subversion; naturally, this phenomenon should have disappeared with its closure, but just the opposite occurred; there was an increase that converted a social and political protest from mass demonstrations into armed struggle with the present characteristics of civil war.

The closure has created a new conflict and one more reason for non-conformity. Several thousands of youths eligible to enter the principal center of studies are frustrated and have also shown that the social and political crisis that has existed in this country for some time does not originate with the university, nor could it be the root cause. The problem has its roots in social structure that discourage development in every aspect. The government devotes itself to maintaining these structures for the benefit of the classes that sustain it, while other classes, which bear the greatest burden of the crisis, advocate transforming them.

At the same time it closed the university the previous government carried out economic and political measures without prior planning, measures that were improvised and devoid of any scientific and technical sense and for this reason doomed to failure because they were based on political and military objectives

that were poorly conceived. An agrarian reform program was undertaken following the model of the one undertaken in Vietnam and with the same objectives, i.e., to steal the thunder of the guerrillas and to give the rural population a personal stake in their work so that they would not join or support the guerrillas. These are objectives that are not only controversial but critically weakens the vital role of economic development in the agricultural and industrial areas that an agrarian reform should fulfill. Experience has shown the error of this method. The simple fact that that country had geographic, economic, social, and political characteristics which were completely different from ours is sufficient reason to refrain from instituting a rigid application of that model. But it was done and the results are obvious: a worsening of the economic crisis, aggravated in addition by the failure of other methods that were adopted, such as nationalization of the banks, foreign exchange controls, etc. The government, growing more isolated day by day, is openly growing more dependent on the United States Government in a desperate search for a means of support to sustain it. Thus, the present government, which invariably copies the policies of the junta that preceded it, does not have popular support.

The circumstances described above are reasons behind the prolongation of bloodshed, of a war we do not want or desire, a war that is destroying our youth and our nation's resources, and is leading us into a financial debt that will burden several generations.

The civil war has become the government's chief concern, but it cannot bring it to an end. This conflict led to budget transfers during the administration of the second Revolutionary Junta Government and to cuts in various departments during the present government in order to strengthen defense and public security, substantially affecting the University of El Salvador.

In the manner described above, the present government, instead of rectifying the policies of the junta that preceded it, persists in continuing them, aggravating the economic crisis and deepening the political and social conflict; instead of correcting the methods of the previous de facto regime and attempting to return to a constitutional order, it constantly violates the nation's Constitution and exhibits an open disdain for constitutional norms. The University of El Salvador is one of the victims of all this. As an illustration, Article 204 of the Constitution says: "The University of El Salvador is educationally, administratively, and financially autonomous and must serve social needs. It will be governed by regulations set up within the framework of a statute that will lay down the general principles for its organization and functioning."

"The government will contribute to and add to the university's operating fund and will make budget allotments for its maintenance annually."

In harmony with this constitutional principle, Article 121 of the Constitution provides for setting aside "assets of the public treasury or for assigning funds from the general budget to establish or augment special government funds of public institutions that pursue cultural, public health, welfare, social security, economic development" and other ends. In other words, the government has the authority to "establish" or "augment" the funds in the above-mentioned

cases, according to the situation, that is, for new institutions or ones already functioning. This constitutional norm, together with the imperative nature of the charter's Article 204, cited above, reveals the magnitude of the continuing violation the government is committing in maintaining the military occupation of the campus and denying the university budget support.

In view of all of the above, it can be seen that the General University Assembly of the University of El Salvador is not asking for favors but is demanding a right established in its favor. It is not asking for something arbitrary; it is demanding the performance of a duty authorized by the nation's Constitution.

In view of the above reasons, the General University Assembly finds that the measures adopted and the proposals made by the rector and other members of the Supreme University Council in defense of our autonomy and for the return of the campus and budget support are correct, and it publicly offers its support for such measures and demands their acceptance by the government as a first positive step toward the return to constitutional order and respect for constitutional rights and guarantees, to wit:

1. Respect for life, honor, liberty, and other constitutional rights of the members of the university community.
2. Respect for university autonomy.
3. Compliance with the decree that orders the return of the campus to university authorities.
4. Provide the budget support requested by the Supreme University Council.

To the honorable accredited diplomatic missions, the General University Assembly, with due respect, requests: That they make known our demand for solidarity in our struggle for the above-stated objectives to their respective governments and the universities of the countries they represent.

For Educational Freedom, Department of Public Relations.

9015

CSO: 3248/94

AGTU CHARGES CORRUPTION, MISUSE OF FUNDS AT UNIVERSITY

San Salvador DIARIO LATINO in Spanish 20 Oct 83 p 18

[Text] Dr Gabriel Pilona Araujo, a professor at the School of Economics, asked the board of directors of that school for a paid leave for health reasons, and then turned up in Europe as representative of the UPD [expansion unknown], making anti-government statements, claims the General Association of University Workers (AGTU).

The workers' organization, which does not identify any of its representatives, indicated that this event is part of a general corruption scheme that is affecting the funds of the University of El Salvador.

It also cited the case of Felix Antonio Ulloa, who has received pay from the Law School while residing in Mexico.

The AGTU requested that the members of the University Superior Council respond to these accusations of corruption. The organization also hailed the attitude of the Accounting Court of the Republic, where finally, it said, "our complaints were heard, and the AGTU is satisfied that 98 percent of the administrative and service staff of the University of El Salvador has no problem, but there is a problem with the teaching faculty, which is the highest paid and is not expected to put in a full 8-hour day."

The AGTU also cited the case of professionals who have drawn University salaries while participating in subversion, such as Carlos Molina of the School of Economics (a leader of the Farabundo Marti National Liberation Front who met in Bogota with the Peace Commission), to mention one of many. They were political prisoners, and after their release, the University, with the backing of the authorities, continued paying them their salaries while they joined armed groups. The AGTU said in conclusion that in the next few days it will convene a general assembly.

8926

CSO: 3248/121

AD PARTY ESTABLISHES LEGAL AID SOCIETY

San Salvador LA PRENSA GRAFICA in Spanish 12 Oct 83 p 38

[Text] The board of directors of Democratic Action, in due observance of its Charter of Principles and Objectives, and considering:

- I. That one of the functions of political parties should be that of providing social services to the community by way of concrete and tangible activities beneficial to the public.
- II. That the lack of an adequate legal code in our country, together with the weakness of its judicial system, too often permits the passage of all kinds of arbitrary measures that attack the freedom and security of persons.
- III. That one of the uncessing aims of the party is to obtain the rule of law in this country in every field and to safeguard the human rights of Salvadorans.
- IV. That in view of the prevailing abuses and arbitrary actions of all kinds it is necessary to provide party members and their families with the professional legal advice which they deserve.
- V. That there have been eminent jurists in our society whose work should be recognized and who, as Eduardo J. Couture expressed in his famous lawyer's commandments, have made their profession "a strenuous exercise performed in the service of justice."
- VI. That in the midst of great adversity and many problems, one of the jurists among us who knew best how to honor his intimate vocation by devoting himself ardently to the public and private defense of the neediest levels of our society was the recently departed Mario Castrillo Zeledon, who had a spotless record and was constantly involved in the civic affairs of our people.

In view of the above and in just homage to his memory, it is agreed:

Article 1 - To establish the Mario Castrillo Zeledon People's Legal Aid Society, described henceforth as "the society," an organization at the service of the community of Democratic Action Party, described below as "the party."

Article 2 - The aims of the People's Society are the following:

1. Provide free legal assistance to low-income party members and their families, particularly in the following areas:

a. In constitutional matters, through the exercise of all the rights and recourses established for the protection of man and citizen, especially the right of habeas corpus.

b. In criminal matters, by making use of all the legal actions and recourses that exist for the protection of life, liberty, and the security of those involved.

c. In labor matters, by counseling party workers' committees, both urban and rural, in the proper use of their labor rights.

d. In civil matters, by completing the necessary procedures to clearly establish the identity of interested parties for the proper exercise of their political rights.

e. In administrative matters, by providing the necessary support for the proper documentation of those members seeking elective office.

2. Conducting the ideological studies necessary for the formation of a consistent legal doctrine for the party.

3. Organizing and classifying the records of the different cases to be handled.

Article 3 - Leadership and administration of the society will be under a council composed of three members, one of which will be the general manager, who will be responsible for carrying out the council's decisions. Council members will be chosen by the board of directors of the party for a period of 2 years and may succeed themselves.

San Salvador, 28 September 1983

Board of Directors of Democratic Action

Only One Goal: El Salvador

9015

CSO: 3248/94

EXPORTERS QUESTION DISSOLUTION OF GUATEXPRO

Guatemala City PRENSA LIBRE (suplemento economico financiero) in Spanish
26 Oct 83 p 1

[Interview with engineer Guillermo A. Rodriguez, Assistant Manager of Nutritional Systems and Vice President of the Union of Guatemalan Exporters, by PRENSA LIBRE; date and place not given: "The Dissolution of GUATEXPRO Is Wrong"]

[Text] The country's exporter sector of private industry believes that there is an urgent need for the creation of a forum to replace the functions that were carried out by the National Center for the Promotion of Exportation--GUATEXPRO--in order not to lose the benefits that have thus far been attained, chiefly with reference to technical aid and information.

Exporters were disheartened at the decision that caused the dissolution "with a stroke of the pen" of a department that for some was already carrying out an important function, from the point of view of their relationship with other similar organizations, and that for others was not fruitful.

In order to get a more close at hand knowledge of the negative implications that could result from this governmental measure and in order to better understand the reasons of the authorities that made this decision, we interviewed engineer Guillermo A. Rodriguez, assistant manager of Nutritional Systems, S.A., and vice president of the Union of Guatemalan Exporters.

[Question] What effects will the dissolution of GUATEXPRO have at the international level?

[Answer] I definitely believe that there will be a negative impact, since GUATEXPRO was the result of an international program to promote exportation and the result of the preoccupation of the government which created a state fund and an international one in 1971, but for technical assistance and information.

[Question] Which organizations were contacted first?

[Answer] Initially work was begun through the initiative of enterprises in poor countries--CBI--The International Agency for Development, European

Economic Community, United Nations Development Program, Organization of American States, as well as with UNCTAD - GATT.

[Question] Were commitments made with some of these agencies?

[Answer] Yes. A program for technical assistance was established with these organizations; another, for information. Also, a program was created for the development of products for exportation, location of markets, easier acquisition of information, quality requirements, and the techniques of each country. From this point of view, I believe that the dissolution of GUATEXPRO represents a loss of international reliability at the level of these organizations, since some programs are in the process of being carried out.

GUATEXPRO made other commitments, he continued. We can mention also the development of the Latin American network of trade information, in which a data bank is being established by means of a computerized system. There are also technical assistance commitments with the European Economic Community for the development of products that are suitable for exportation that are specifically required, chiefly in the industries of foodstuffs, lumber, and others.

[Question] How will this measure affect the relationship of private enterprise with the government?

[Answer] We regard this aspect as fundamental since, because of its structure, GUATEXPRO's board of directors constituted a suitable forum where there was a dialog between the government and the private sector to discuss exportation problems, and also the infrastructure itself, legal aspects, and incentives.

[Question] Which programs were being developed between the Union of Exporters and GUATEXPRO?

[Answer] For a year and half the private sector, through the Union of exporters, was integrated in a coordinated manner with GUATEXPRO in order to establish operational policies that would be more attainable with respect to the promotion of exportation. In this connection a commission was formed, consisting of the five coordinators of GUATEXPRO's areas and five representatives of the Union of Exporters for the same areas, for the purpose of working together to attain better results. The areas to which I refer are: agricultural products, processed agricultural products, non-food manufactured products, and raw materials.

As a consequence of this integration, programs were started that were much more beneficial to us exporters.

[Question] Could this matter have an effect on our exportations?

[Answer] I believe that it would be a little speculative to assert this. However, at the level of information regarding requirements, markets, regulations, and especially the complete data that is stored on computer disks regarding Guatemalan companies and products in order to make them more easily available to buyers abroad, in addition to the provision of business opportunities for those same products, the dissolution may be regarded as a loss of physical and human exportation resources.

What we are most uncertain of, continued engineer Rodriguez, are the bilateral trade treaties, since GUATEXPRO functioned as the secretariat and to date there are countless treaties that have not been concluded, as in the case of Argentina and Mexico; another, with the Republic of Santo Domingo which is not in operation.

There are also misgivings for the future in connection with these undertakings that have taken place, since we do not know how they will be managed and what continuity there will be for them, since each one has a final completion date, which means that they would have to enter into new negotiations that would require the experience of GUATEXPRO.

However, added engineer Rodriguez, there is a risk of losing those opportunities, since I believe that the Department of Domestic and Foreign Trade cannot be brought up to date on everything in such a short time. It is a fact that exportations have increased. On the other hand, what the international organizations know about GUATEXPRO could result in a loss for us, chiefly with respect to those products that were en route abroad.

Most of the export firms see an increase in exportation as the solution to the problem of foreign currency.

[Question] Do you believe that suitable mechanisms can be created in a short time to take over the functions of GUATEXPRO?

[Answer] I do believe that, with willingness on the part of both the economic authorities and of the chief of state, it is feasible to eventually establish a structure that will be able to continue the operations that were being carried out by GUATEXPRO, whose organic law views the development of exportation as a specific objective--which is not the case with the Department of Domestic and Foreign Trade--in accordance with the rules and regulations of the Ministry of Economy, which exercises only price control and the discharge of a prosecutor's duties.

I consider that it is very important to include the private exporter sector in any structure that takes over GUATEXPRO's functions, in order that it may participate in the establishment of exportation policies, since this is one of the most important aspects of the economic recovery. Let us remember, he said, that our problem at present is that we need foreign currency; but if there are no exportations, foreign currency will not come in.

[Question] What solutions would you propose at this time?

[Answer] In the first place, I believe that there should be a reasonable period for the change over from the execution of GUATEXPRO's technological, physical, and human functions in order to guarantee that those functions will be continued to be operational, which so far the Department of Domestic and Foreign Trade has never been able to do since its inception in 1966.

Moreover, added engineer Rodríguez, I believe that a forum must be integrated again at the level of the Ministry of Economy, one that will be allowed a voice and vote in exportation policy. In conclusion he said that it is important that the country's image be changed.

[Question] To what do you attribute the government's decision to dissolve GUATEXPRO?

[Answer] According to the decree that was issued by the government, it is because of duplication in the functions of GUATEXPRO and the Department of Domestic and Foreign Trade, and at the same time in order to reduce expenditures. Actually, the government has expenditures and investments and the 600,000 quetzals that it contributes to GUATEXPRO can be viewed as an investment in the promotion of exportation. Well, I do not know the most recent reasons for the government's decision.

8255

CSO: 3248/125

BRIEFS

PETEN TOURISM UP--Santa Elena, Peten -- The promoter of tourism, Leonel Castaneda, reported that in recent months a great number of tourists has been noted, especially North Americans, clearly indicating that the Travel Advisory is tending to be forgotten. He pointed out that it is indispensable that INGUAT, the Guatemalan Institute of Tourism, further increase its international advertising of Peten's archeological and tourist centers. He indicated that Peten is the region that contains most of Guatemala's archeological centers, and by degrees others sites of real tourist attraction have been discovered, including El Ceibal in Sayaxche, El Mirador in San Andres, and the famous San Luis caverns, discovered recently by North American speleologists. The FYDEP [National Enterprise for the Economic Promotion and Development of El Peten] is constructing roads to Peten's archeological centers, especially to numerous recently discovered caverns, filled with pre-Colombian tombs, giving evidence that they are Mayan cemeteries. Therefore," he said, "It is indispensable that INGUAT engage in greater international advertising. In recent months numerous North American tourists have visited us, which proves that the Travel Advisory is tending to disappear. [Article by Carlos Absalon Galvez Mis] [Text] [Guatemala City PRENSA LIBRE in Spanish 28 Oct 83 p 48] 8255

AGRICULTURAL PRODUCTION, FOREIGN EXCHANGE--Lawyer Ivan Najera Farfan, minister of Agriculture, Livestock, and Food, told PRENSA LIBRE that the production of cotton, coffee, and meat will generate U.S. \$432 million this agricultural year. The official indicated that, as a result of governmental incentives, cotton dealers planted about 85,000 blocks, which will yield an estimated total of 320,000 bales. This will generate about \$112 million in foreign currency. The agriculture minister also said that the production of meat, which does not have a very good market abroad, will generate \$20 million. The chief item continues to be the production of coffee. During the agricultural year that will end this coming April, it will yield the country an income in foreign currency of U.S. \$300 million. [Text] [Guatemala City PRENSA LIBRE in Spanish 28 Oct 83 p 2] 8255

CSO: 3248/125

METROPOLITAN AREA COST OF LIVING RAW DATA

Poor Quality Meat

Mexico City EL DIA in Spanish 9 Sep 83 'Metropoli' supplement p 8

[Excerpt] Housewives and consumers in general complain that the meat that the butchers and retailers sell in the markets of the lower income districts is of terrible quality and is very expensive. When it is cooked, "it turns black."

Maria Guadalupe Picazo, president of the House of the CNOP [National Confederation of Popular Organizations] Woman, stated this.

She revealed that all the housewives in the lower income districts are dissatisfied about the poor quality of the product distributed in the butcher shops.

Very few butcher shops sell good quality meat, according to our informant.

She said that the others sell expensive bad meat. As a general rule, she noted, "it is tough or leathery."

For example, they said that the piece with bone in, the most common purchase, is priced between 300 and 350 pesos. In addition to having poor quality, "the butchers give us more bone than meat."

Shoes in NZT

Mexico City EL DIA in Spanish 9 Sep 83 'Metropoli' supplement p 9

[Text] The price of shoes of every style has increased. It suffices to take a little tour through Plaza Satellite to verify this.

Parents and all who go to buy shoes--especially now at the beginning of school--receive a big surprise.

Mrs Felipa Marquez complained that the same thing has happened in the La Joya and La Rivera shoe stores in Naucalpan and Tlalnepantla where prices have shot up in recent months. Some are 300 percent higher than in the first months of the year.

Estela Jimenez, Amparo Hernandez and Enriqueta Sosa said that the prices for children's shoes are too high. One pair now costs from 1,300 to 2,000 pesos.

During a tour through the NZT [Naucalpan-Zaragoza-Tlalnepantla] area, we observed that the buyers looked at prices, went into stores and left disconsolate because they could not find shoes within reach of their purses. They said that the authorities should intervene since shoes are indispensable for everyone.

"Dunlop" tennis shoes for girls sell from 2,300 to 3,000 pesos and the cheapest cost 1,250 pesos.

Shoes for men or women range from 3,000 pesos--the worst--to 4,500 for average and from 5,000 to 6,000 pesos for good shoes. Also a 15-percent value added tax is added to this price.

Beef in NZT

Mexico City EL DIA in Spanish 9 Sep 83 'Metropoli' supplement p 9

[Text] The price of beef recorded a new high--from 380 to 400 pesos per kilogram--in the NZT area. Therefore, the product remains unsold since very few people can buy it. This was verified after a survey of the butcher shops and authorized stores in Naucalpan, Tlalnepantla and Atizapan.

Since last Monday, a kilogram of "dressed" meat rose to 200 pesos. The retailers automatically increased the price to 400 pesos in the face of protests from housewives and consumers in general.

According to what could be verified in the butcher shops that were visited, the price increase has already caused a collapse in the meat market. In the slaughterhouses, the racks were filled with "dressed meat" waiting for the butchers to buy it but they barely bought any.

The retailers feel that there has been at least a 40-percent drop in sales.

Miguel Zepeda Martinez, leader of the Butchers Union, recognized that if a worker with a minimum wage of 523 pesos buys a kilo of meat for 400 pesos, he does not have enough left even for beans, much less transportation and other necessities.

Milk at 50 Pesos

Mexico City EL DIA in Spanish 9 Sep 83 'Metropoli' supplement p 9

[Text] The unscrupulous merchants in Valle de Mexico speculate with milk. This has caused the price of a liter of milk to go up to 50 pesos in the face of protests and widespread anger among housewives.

This situation came up in recent days in the bakeries and milk stores in Naucalpan, Tlalnepantla, Atizapan and other areas surrounding the Federal District.

Several housewives complained that a liter of milk is sold openly at between 40 and 50 pesos by the production and distribution enterprises of the Lala, Boreal and Alpura brands.

The decrease in deliveries became more obvious the day before yesterday and yesterday as a way to pressure SECOFIN [Secretariat of Commerce and Industrial Development] to permit them to raise prices.

The official price for Lala milk now is 29 pesos wholesale and 36 pesos delivered. Boreal should sell at 31 and 39 pesos respectively. Alpura should be sold at the same prices as Lala, according to the National Consumers Institute.

Eggs Selling for 90 Pesos

Mexico City EL DIA in Spanish 10 Sep 83 'Metropoli' supplement p 3

[Article by Cristina Martin]

[Excerpt] Egg producers announced to retailers that, as of today, eggs will be sold at 89 and 90 pesos per kilo in spite of the fact that the official price is 72 pesos for sale to the public.

This was verified by METROPOLI during a tour through different markets and supermarkets where the salesmen reported the above. Eggs are already sold at 90 pesos per kilo which has led to serious protests from housewives.

However, in supermarkets like Aurrera, there are no eggs "at any price," according to those in charge. They denied that they are hiding them for speculation.

Eggs are only found in markets like Martinez de la Torre in the Guerrero district and San Francisco Culhuacan south of the city but they cost 90 pesos per kilo for white and 95 pesos for brown eggs.

The retailers indicated that they are forced to increase prices since the producers and distributors sell them for up to 85 pesos--13 pesos more than authorized. They announced another increase starting today.

Potatoes, Avocados, Other Vegetables

Mexico City EL DIA in Spanish 12 Sep 83 'Metropoli' supplement p 3

[Article by Cristina Martin]

[Excerpt] In addition to the egg shortage, price increase for chicken and the inaccessibility of meat, vegetable prices continue to rise. Housewives despair when they see that it is more difficult to feed their families each day.

METROPOLI could verify--during a tour through markets, stores and supermarkets --that vegetable prices are fixed arbitrarily by the merchants since there are no official prices for this product.

The merchants always have the same answer to the demands of the housewives: "This is the way the Supply Center sells to me; I hardly make anything." The consumers go from store to store in search of more accessible prices but in vain.

The people cannot eat meat or chicken because of its high price. Fruit has been eliminated. There are no eggs and the only possible alternative--that is, vegetables--goes up each day further out of reach of the majority. What are we going to eat?

Many vegetables are scarce or are found at such high prices that it is impossible to think of buying them. Peas with pods sell at 120 pesos per kilo at the outdoor markets and this "is cheap" because they cost up to 196 pesos in the so-called supermarkets.

Of course, an avocado is a luxury for Mexicans. Despite the fact that we are major producers of that fruit, the minimum price is 100 pesos per kilo.

Potatoes are no exception. They used to be one of the cheapest food products and the alternative when the family economy was bad but "times change." It is impossible to buy potatoes for less than 60 pesos per kilo even in the popular markets.

String beans cost from 80 to 90 pesos per kilo, depending on where they are bought; they are more expensive in the supermarkets. Onions cost 50 or 60 pesos per kilo and cauliflower costs 97 pesos.

Beans, 39-150 Pesos

Mexico City EL DIA in Spanish 14 Sep 83 'Metropoli' supplement p 9

[Text] While the so-called "common" bean, "tough and weevily," is sold at 39 and 40 pesos, the "preferred" varieties remain at 150 pesos in lower income districts around the Federal District.

A survey of the main supply centers of Naucalpan, Tlalnepantla and Atizapan permitted the reporter to verify this.

Peanuts, "flor de mayo" and black Veracruz beans cost 150 pesos per kilo while "cocona," black Queretaro, "bayo gordo," etc., cost 39 and 40 pesos despite the fact that their official price is 29.60 pesos.

The Aurrera, Comercial Mexicana, Blanco and Gigante supermarkets do not sell a single kilo of the "preferred" varieties because, according to those in charge of these commercial establishments, "it is not profitable."

This type of bean is not sold to the public in the CONASUPO [National Company for Basic Commodities] and CONASUPER [expansion unknown] shops either, much less in miscellaneous small shops, stalls, etc., in the lower income districts.

The markets visited were Pochteca in Naucalpan, Filiberto Gomez in Tlalnepantla and Ignacio Zaragoza in Atizapan.

Tomatoes, Chiles, Onions

Mexico City EL DIA in Spanish 14 Sep 83 'Metropoli' supplement p 9

[Excerpt] Vegetables shot up 50 percent in the public markets around the Federal District in the face of protests and widespread anger of the housewives and consumers. Eggs disappeared from all the shops and stores.

The prices cited below were verified by this reporter in the NZT area but, according to the merchants, these prices have spread to all the municipalities in Valle de Mexico.

A kilogram of tomatoes rose from 60 to 80 pesos. White and yellow potatoes cost 60 pesos. The "poblano" chile went from 80 to 105 pesos. Spring onions increased from 40 to 50 pesos and onions from 50 to 85 pesos. Peas increased from 100 to 150 pesos. Prickly pears are sold at three for 20 pesos. "Ser-rano" chile costs 55 pesos per quart and garlic costs 30 to 100 pesos, depending on size.

Housing Costs, Problems

Mexico City EL DIA in Spanish 15 Sep 83 'Metropoli' supplement p 4

[Article by Norberto Hernandez Montiel]

[Excerpt] Coercion to sign blank contracts, threats of eviction and physical harm--even attacks with knives--and receipts for lower amounts than paid for rent are some of the complaints of the tenants of the La Texana development.

This situation prevails among some 100 families that live in rooms approximately 3 meters square, according to the informants. They pay from 3,500 to 7,000 pesos but are given receipts for 650 or 1,000 pesos. There is also a 10-percent surcharge for late payment.

The majority of those interviewed indicated that their husbands earn minimum wage. In addition to the rent, they must pay 150 pesos per month for water. All the residents get water from one single tap outside the community baths.

In the specific case of Mrs Simona Diego de Luciana, she stated that she pays 3,500 pesos per month for rent but they gave her a receipt for 850 pesos. The problem did not end there since they moved her to housing the same size but raised the rent to 7,000 pesos.

Mrs Diego de Luciano told the daughter-in-law of the landlady, Yolanda Villegas de Camacho, that she could not pay. Yolanda Villegas came with two sons of the landlady, Guadalupe Franco, and four other individuals. They pressured the head of the household, Luciano Diego, into signing a blank contract.

Simona Diego knew her right to pay in court. She went to the corresponding office and began to deposit her rent. However, when Yolanda Villegas learned of this, she prohibited her from getting water and threatened anyone who gave water to the "punished" woman with the same penalty.

Bread, Rice

Mexico City EL DIA in Spanish 17 Sep 83 'Metropoli' supplement p 9

[Excerpts] The unscrupulous merchants in Valle de Mexico continue to violate the prices for milk, eggs, rice, beans and white bread, mainly.

Loaves of white bread cost from 3 to 6 pesos, despite the fact that the official price is 2 pesos.

A kilogram of "preferred" beans costs 150 pesos and the "common" variety costs up to 40 pesos.

Rice costs 65 pesos per kilogram and sweet bread goes from 7 pesos--the cheapest--to 25 pesos in the bakeries of the lower income districts.

These are the prices that the abusive merchants of the lower income districts and sectors have imposed behind the backs of Commerce authorities in Naucalpan, Tlalnepantla, Atizapan, Ecatepec, Nezahualcoytl, Coacalco, Los Reyes, Chimalhuacan, Chalco, etc.

Filet, 600 Pesos

Mexico City EL DIA in Spanish 20 Sep 83 'Metropoli' supplement p 8

[Text] A price increase for meat to 400 pesos per kilo has spread in recent days, according to the butchers.

Miguel Zepeda Martinez, leader of the Butchers Union of Valle de Mexico, stated the above. He revealed that in the market butcher shops, filet is sold for up to 600 pesos. A piece with bone in costs 300 pesos and the organs like liver cost 250 pesos.

Our informant said: "In effect, the product has risen in price since it costs 200 pesos per kilo dressed and we must 'double this' for the housewives and consumers in general."

The butchers and retailers of the popular markets in Naucalpan, Tlalnepantla and Atizapan (NIZT area) recognized that the price of meat has risen because there is no other alternative.

They indicated that the problem is not only serious in the NIZT area but in the other municipalities of the area like Nezahualcoytl, Chalco, Los Reyes, La Paz, Tezcoco, Chimalhuacan, Ecatepec, Coacalco, Villa Nicolas Romero, etc.

Eggs at 125 Pesos

Mexico City EL DIA in Spanish 22 Sep 83 'Metropoli' supplement p 10

[Text] Residents of the Iztacalco INFONAVIT [Institute of the National Fund for Workers Housing] Unit complained of egg speculation in that area. They

stated that eggs can hardly be found in any store. When they finally found them, the price was 125 pesos per kilo. The needs of the people must not be turned into a game of "hide-and-seek" so that the merchants can make higher profits. SECOFIN must attend to these actions that can have repercussions on social problems.

Filet, 750 Pesos

Mexico City EL DIA in Spanish 27 Sep 83 'Metropoli' supplement p 8

[Excerpt] Housewives in subdivisions and districts in Valle de Mexico complained that the price of filet rose to 750 pesos in most of the butcher shops and authorized stores. There are places where it costs 800 pesos.

Andrea Avila, Adriana Juarez de Torres, Maria del Carmen Rosales, Fidelina Borrego, Juana de Perez, Maria Cristina de Garcia and Eustolia Buendia complained that only last week filet cost 650 pesos.

They explained that 2-1/2 weeks ago a kilo of beef cost 360 pesos but it shot up 40 pesos more.

The piece with bone in costs 200 pesos in the main cities of the NZT zone although there are shops where it costs 250 pesos.

Chicken Rises to 380 Pesos

Mexico City EL DIA in Spanish 27 Sep 83 'Metropoli' supplement p 8

[Excerpt] There was a new 36-percent increase in the price of a kilo of chicken in the popular markets and authorized stores in Naucalpan compared to its price barely 2 weeks ago in the distribution centers.

In effect, a kilogram of breast, thigh and leg rose to 380 pesos and the piece composed of back, rump and wings--most common purchase--remained at 280 pesos, its price 15 days ago.

Expensive, Scarce Milk

Mexico City EL DIA in Spanish 28 Sep 83 'Metropoli' supplement p 9

[Excerpt] Hundreds of housewives stand in long lines from early morning at the bakeries and milk stores of the lower income districts to buy a liter of milk for 50 pesos. In the majority of cases, it is not available since the unscrupulous merchants hide it in order to sell it at 60 or even 70 pesos to the owners of juice stores since they pay the best for it now.

In open rebellion against the Commerce authorities, the Lala, Boreal and Alpura firms are hiding the product, instructing their distributors not to make normal deliveries as a means of pressure to give them an increase to 50 pesos per liter. The official price is now 29 pesos.

At some bakeries in the NZT area, the sale of milk is conditioned to the purchase of sweet bread at a minimum price of 9 pesos and 15 to 20 pesos for tarts.

This was verified after a tour of the lower income districts and in the Comercial Mexicana and Aurrera bakeries.

LP Gas

Mexico City EL DIA in Spanish 28 Sep 83 'Metropoli' supplement p 9

[Excerpts] Cuautitlan-Izcalli, Mex., 27 Sep--The inhabitants of Municipio 121 had an unpleasant surprise yesterday when LP gas went from 1.94 pesos per cubic meter to 6.79, an increase of more than 300 percent.

This denunciation was made by Carlos Barse Torres, president of the Union of Residents of Cuautitlan-Izcalli. He added that the enterprise Distribuidora de Gas Natural del Estado de Mexico, S.A. has just announced in circulars that the price will be 7.39 pesos per cubic meter by December.

In the leader's opinion, it is one more blow against the family economy. Comparing past prices with current ones, it will represent an increase of more than 700 pesos per month for each family based on normal consumption.

Eggs, Breads

Mexico City EL DIA in Spanish 29 Sep 83 'Metropoli' supplement p 8

[Text] Ecatepec, Mex., 28 Sep--About 1.5 million people who live in 116 districts in this municipality are victims of the prevailing anarchy in the prices of articles of primary necessity. The official prices are not respected in towns, districts or subdivisions.

This was stated by Antonio Rodriguez, leader of the Union of Districts of the V Zone of the former Vaso de Tezcoco. He added that the unscrupulous merchants in the region "have raised all basic products."

As an example, he indicated that milk priced at 29 pesos has increased to 50 pesos and is very hard to buy.

The so-called "preferred" bean costs 150 pesos and second-class beans which are old and weevily are sold at 40 and 50 pesos.

A kilogram of "brown" eggs costs 150 pesos and the normal white ones sell for 120 pesos.

Loaves of white bread sell for 6 pesos and refined sugar costs 40 pesos.

In other words, the prices of milk, beans, white bread, sugar and eggs have increased in the Ecatepec districts in the face of protests by the housewives.

7717

CSO: 3248/116

ARMY ROLE IN PROTECTION OF BANKS DENIED

Mexico City EXCELSIOR in Spanish 23 Sep 83 pp 5-A, 15A

[Article by Angel Soriano]

[Excerpt] "The army will only emerge from its barracks to march with gallantry as it did on 16 September or to help the civilian population in case of a disaster; it is not up to us to guard banks," declared National Defense Secretary Gen Juan Arevalo Gardoqui.

He said that the safety of citizens is the responsibility of the Preventive Police. The Mexican Army by law has three basic tasks: Watch over national sovereignty, provide internal protection in the republic and aid our fellow citizens who find themselves in misfortune because of natural disasters.

The general, interviewed at the Jardin Cemetery at the end of the sad ceremony commemorating the 16th anniversary of the death of President Adolfo Lopez Mateo--for whom he was the chief aide--which he attended as the representative of President Miguel de la Madrid, refused to qualify the work of the capital police.

"I cannot state whether it has or has not been capable of insuring the tranquility of the citizens. What I can say is that a general with studies before him is in charge of that corporation, Ramon Mota Sanchez, and positive results of his work will be seen soon. The safety of citizens will always be entrusted to the Preventive Police."

The chief of National Defense reported on the new programs of National Military Service for the benefit of 600,000 conscripts of the country, who are being trained in various occupations in 72 different shops and who are being academically prepared with courses up to the junior college level.

8908

CSO: 3248/119

CHIHUAHUA ARCHBISHOP: CHURCH FREE OF POLITICAL TIES

Mexico City EXCELSIOR in Spanish 24 Sep 83 p. 4-A

[Article by Alejandro Irigoyen]

[Text] Chihuahua, Chihuahua, 23 September---"The Catholic Church does not identify itself with any of the political parties existing in Mexico, Catholic laymen do," said Chihuahua Archbishop Monsignor Alberto Almeida.

It is up to the Catholic laymen, who are present in all parties, to distinguish their ideology, programa and specific action, he said.

In reply to criticisms made by the PRI [Institutional Revolutionary Party] in its statement published in several dailies titled "Conservatives, Church and State," he said that it attempts to link the present Mexican Church with that of the past century so as to describe it as conservative, regressive and allied to the plutocracy of that time.

He declared: "The article by the PRI demonstrates a myopic view of our history; a Manichean vision which very simplistically and without shadings divides the Mexicans into good and bad."

The PRI, he continued: "Describes as good those who belong to its group and as bad those who refuse to swell its party ranks."

If the PRI has dominated the scene in the political and social life of Mexico, not only since its foundation as a party a half century ago, but since the middle of the past century, it should declare itself the heir of the reform. To whom shall we attribute, therefore, all the underdevelopment suffered by Mexico in democracy, education and in all fields? he asked. The Church is not responsible, he added, as is stated in the disjunctive statement.

"Every man who rises with absolute power sees himself overwhelmed by it and necessarily falls into corruption. There is history to prove it; universal history and that of Mexico," he concluded.

8908

CSO: 3248/119

PLANTING OF BASIC GRAINS FOR 1983-84 FAILS TO MEET GOALS

Problems, Solutions Outlined

Managua BARRICADA in Spanish 10 Oct 83 pp 1, 3

[Text] A study made by BARRICADA, analyzed in depth in the Monday Socioeconomic Section, reveals that the planting goal for the first harvest of basic grains is only 65 percent complete to date, i.e., about 220,000 manzanas, which is "a disturbing sign."

For the 1983-84 agricultural season, the National Food Program [PAN] established 620,000 manzanas as the planting goal, i.e., 35 percent more than what was planted last year.

Basic grains represent 62 percent of the planting goals for all crops--i.e., 1,002,000 manzanas.

For the harvest, 337,000 manzanas were scheduled for planting, but only 220,000 were finally put into production, which will affect the supply to the Nicaraguan people.

In the case of corn, 75 percent of the planting goal for the first harvest was achieved and 75 percent in the case of beans as well. More serious is the situation of sorghum, for which only 52 percent of the planting goal was reached. However, rice is the most serious commodity because only 26 percent of the irrigated winter crop had been planted, although the current target is expected to be met.

Among other solutions, Monday Socioeconomic Section recommends: support for the farmer to improve his storage methods, transforming the APP [People's Ownership Sector] into a reliable producer of basic grains, improving roads and transportation, promoting a program of semitechnical modernization for all farmers, and the promotion of family, school and community gardens. More information on page 3.

Current Status of Basic Grains Production

When we talk about basic grains, we are directly or indirectly referring to basic aspects of national life: poor farmers, the main strength of the revolution,

the basic food of the working population, animal fodder that will give rise to other basic commodities: eggs, poultry, swine, etc.

But we are also talking about the most serious problems of underdevelopment, such as backward production methods resulting in very low yields per manzana; the lack of storage facilities on farms and at intermediate agricultural collection centers, resulting in a loss of between 25 and 30 percent of total corn and bean production; the lack of roads and vehicles, which keep a large part of the country cut off during the winter.

However, in talking about basic grains we must also mention the most modern sector of our agriculture, irrigated rice growing, based on high technology, imported machinery and in which the capitalistic private sector is important, as it is in the case of sorghum.

In talking about basic grains, the problems of shortages, speculation and the subsidies which have been paid in recent years also crop up in turn. Shortages, but also an overall increase in consumption; speculation, but also the lowest consumer prices in all of Central America; increased production, but also heavy imports and contributions in certain areas and at certain periods. In short, this is a complex, contradictory situation with no easy solution, a situation which this Monday Socioeconomic Section addresses because of its great importance.

The revolution has always been determined to try to guarantee the consumption of basic foods at the lowest possible prices to the working population. The great short- and intermediate-term challenge is, on one hand, to achieve broad mobilization of the people in urban areas in order to increase food production, and secondly, to make farmers stronger by improving their access to land and technology, while simultaneously creating a modern sector that will assure the supply of basic grains despite climatic difficulties and that can also produce crops for export, after domestic needs are met, in normal years.

Outlook for Domestic Consumption Crops (1983-84 Season)

Basic grains take up most planted farmland nationally; in the 1982-83 agricultural season, their share of all farmland was 58 percent.

For the 1983-84 agricultural season, PAN established 620,000 manzanas as the planting goal for basic grains, representing an increase of 35 percent over the area planted in the past season.

Based on the 1983-84 goals, basic grains will represent 62 percent of all land scheduled for planting (1,002,000 manzanas).

Small individual farmers and cooperatives represent more than 90 percent of the area planted last season and that expected to be planted in the present season.

At the national level, the area proposed for planting the first harvest of basic grains was 337,000 manzanas, while the area actually planted is 220,000

manzanas, with a 65-percent completion rate. It is likely that this area will increase, since evaluation of some regions (Region II and Special Zones) has not yet been completed.

Most of the area planted with basic grains is located in Regions I, V and VI, representing 68 percent of the area currently planted. These same regions will manage to complete planting of 76 percent of the planned area. Outstanding among them is Region VI, which has completed 92 percent of the planting goals for basic grains.

The APP has managed 43 percent completion of its goals and the private sector--large and medium-sized--has completed 63 percent.

It may be concluded that corn and beans are the crops with the best outlook for this 1983-84 season, since approximately 75.5 percent of the planting goal proposed for the first harvest has been completed. On the other hand, the present situation of sorghum and rice is still worrisome, since the degree of completion of their area goals has been low. This is due to many factors, among which we could mention: the climate, the prevailing political-military situation in certain areas (the north and the Atlantic coast), and the lack of machinery and equipment.

We list below an evaluation of the area planted for the first harvest of each of the basic grains, broken down by region and ownership sector.

Corn

Of the 202,600 manzanas planned for planting first-harvest corn, 151,900 manzanas had been planted as of 27 August, reflecting 75 percent completion. This planted area corresponds to that reported by the six regions of the country, with the planted area in the Special Zones [SZ], as yet uncounted.

The share represented by Region VI should be noted, since 92 percent of its goal has been achieved, a situation similar to that represented by small individual farmers and cooperatives of that region, with a 12 percent increase over what was planned. The share of cooperatives of Region I should also be noted, since it demonstrates that defense is not a hindrance to production, with 64 percent of its planting goal for the first harvest of corn having been achieved.

Losses of approximately 15,000 manzanas in the first corn harvest have been reported to date, with the area most affected corresponding to Region II (9,000 manzanas, BARRICADA, 1 September 1983).

Beans

In the case of beans, 76 percent of the national planting goal has been achieved, representing an area of 25,000 manzanas planted in comparison to the 33,000 manzanas which had been planned for the first planting.

Almost the entire bean crop is planted by small individual farmers and cooperatives, accounting for 79 percent of the planted area as of 27 August 1983.

Regions I, IV and VI are the largest producers of beans, representing 92 percent of the planted area, with Region I outstanding among them.

The cooperatives of Region I are also outstanding in the case of this crop, with 17 percent of the planting goal completed.

Sorghum

Sorghum is the only one of the basic grains that is used mainly as a component for the production of animal fodder.

For the 1983-84 season, a total of 91,200 manzanas were allocated for growing sorghum, of which 43,500 manzanas (48 percent) were to be used for the first harvest. This first-harvest figure includes industrial sorghum (13,700 manzanas) and million sorghum (29,800 manzanas).

According to PAN, as of 27 August 1983, 22,500 manzanas of first-harvest sorghum had been planted, resulting in 52-percent completion of the planting goal. This crop is mainly located in the Pacific zone--Regions II, III and IV--where 78 percent of the total area is planted with this basic grain.

Industrial sorghum is grown mainly on a large scale, whereas only small individual farmers and cooperatives participate in growing million sorghum.

Rice

Of the 81,200 manzanas scheduled to be planted with rice during the present season (72 percent), 29,400 manzanas have been allocated for growing nonirrigated rice and 28,700 manzanas for growing irrigated winter rice.

The regions with the highest concentration of rice areas are Regions IV and V, with almost 50 percent of the area planted with rice.

Evaluation of the planting of rice is as follows:

Nonirrigated rice: As of 30 July 1983, 46 percent of the goal had been completed.

Irrigated winter rice: As of 13 August 1983, 26 percent of the goal had been met and is expected to be completed by the end of the period, which has been extended to 10 October.

"The rice situation is disturbing because a reduction of the planting area has been noted due to numerous factors, including the lateness of the rains, the lack of machinery and equipment, scarcity of foreign exchange for importing it, and military aggression in the north of the country, where one of the most productive areas is located." (BARRICADA, 24 August 1983)

Table No. 1. Corn: Estimated Completion of First-Harvest Planting Area by Region and Ownership Sector, 1983-84 Season (thousands of manzanas). (Preliminary Figures)

Region	First-Harvest Planting Goals					Planted Area				
	APP	AP	PMP	COOP	Total	APP	AP	PMP	COOP	Total
I	2.2	--	19.6	15.5	37.3	0.7	--	2.7	25.4	28.8
II	--	--	11.4	19.6	31.0	1)	1)	1)	1)	13.4
III	3.6	--	0.5	2.6	6.7	3.2	0.2	0.3	2.5	6.2
IV	0.9	1.4	10.6	8.1	21.0	0.4	1.7	6.8	7.2	16.1
V	0.4	--	26.8	13.3	40.5	0.4	--	27.9 ²⁾	5.8	34.1
VI	2.2	1.9	7.1	37.6	48.8	2.9	0.4	50.0 ²⁾	2)	53.3
SZ1	--	--	6.5	2.3	8.8					3)
SZ2	--	--	3.7	--	3.7					3)
SZ3	--	--	3.9	0.9	4.8					3)
Total	9.3	3.3	90.1	99.9	202.6	7.6	2.3	87.7	40.9	151.9 ⁴⁾

Source: Basic Grains Directorate, PAN, 27 August 1983

1) Preliminary figures

2) Including small and medium-sized farmers [PMP] and cooperatives [COOP]

3) Planting information unavailable

4) The total regional area planted does not equal the total ownership sector, since these are preliminary figures; the regional total is considered more complete.

AP

Some Basic Problems

As noted, the progress of basic grains planting shows disturbing signs which point up the need to build up next summer's irrigated plantings in order to avoid as many supply problems as possible during the coming year. However, somewhat more basic questions transcending the circumstances of the present growing season need to be emphasized. With regard to forms of production, we can group basic grains into two categories: on one hand, sorghum and rice, basically produced by business sectors (medium-sized and large businesses and the APP) with a satisfactory level of access to resources (land, machinery, credit, investment).

In any case, the problems with these resources are related to the general scarcity of foreign exchange in the national economy, resulting in a lack of any kind of spare parts or tires, and this is often due to the lack of planning by government and private corporations for their spare-part needs. The current volumes of sorghum and rice production are greater than production volumes recorded in the past, but this does not mean that there are no supply problems, since demand has increased, in some cases more than production; but these larger production volumes do demonstrate the sector's dynamism.

On the other hand, we can group together corn and beans, mainly produced by the farming sector (see Table 2), in which the problems of production yields and access to adequate productive resources is more appreciable. The corn situation can in turn be considered more difficult to solve than that of beans, in the case of both area and production.

Corn and beans are commodities primarily used for the farmer's own consumption. According to a recent census of cooperatives, it is estimated that 54 percent of beans remains on farms and 48 percent is shipped out. In the case of corn, 52 percent remains on farms. In view of the fact that cooperatives have a higher marketing level of production than do individual farmers, it can be estimated that the percentage of grains leaving farms is less than 40 percent of total production.

The degree of marketing corn and beans has historically been determined, on one hand, by the development of farm proletarianization, which means that one part of the rural population does not have direct access to the land and has to turn to the market to acquire their basic goods. Secondly, and perhaps more importantly, due to the increase in the urban population, fueled by the large migrations from the country to the city, the urban population is obviously obliged to purchase their basic foods in the market. In the meantime, production techniques and access to land by some farmers have not changed substantially, thus the large increase in the urban population has caused farm production to be used first for self-consumption and secondly for marketing, and national supply needs cannot be satisfactorily met.

These overall factors are combined with others peculiar to the revolutionary period, such as the following:

- a) The policy of subsidized consumer prices causes capitalist farmers and the APP to prefer to buy grain from ENABAS [National Enterprise for Staple Foods] and not to plant their own lands to meet workers' food needs. This was the norm in the past, especially in the coffee-growing region of the north. This causes the demand for corn and beans to rise substantially in months of short supply (from November to March).
- b) When the farmer belongs to the middle and wealthy classes, he prefers to change his operation over to other areas such as livestock breeding, poultry, swine, sesame, sorghum, rice, coffee, cotton. As a result, only very high prices make large-scale corn growing attractive to capitalists and the well-off farmer.
- c) The heavy reduction of yield levels, the almost total disappearance of tenant farmers and the reduced existence of commercial middlemen and usurers as a result of the access to bank credit mean that the farmer can retain more grain for his own consumption or, in other words, he is less obliged to transfer part of his production to the market.
- d) One main reason why farmers are not increasing production is related to their storage and distribution (roads and transportation) problems; these problems reinforce the outlook of planting only for self-consumption.

e) The climatic problems of 1982 and 1983 have undoubtedly affected the production of basic grains.

f) The imperialist war of aggression has affected large productive areas and this will continue for the unforeseeable future.

Table No. 2. Estimated Participation in Production (1982).

<u>Ownership Sectors</u>	<u>Corn</u>	<u>Beans</u>	<u>Sorghum</u>	<u>Rice</u>
APP	6.5	5.4	13.6	32.4
Upper Middle Class	0.4	0.0	37.3	31.8
Middle Middle Class	3.0	0.6	12.4	17.5
Farmers	90.1	94.0	36.7	18.3
Total	100.0	100.0	100.0	100.0

Source: CIERA [expansion unknown] estimates, based on data from MIDINRA [Ministry of Agricultural-Livestock Development and Agrarian Reform] and CORFIN [Nicaraguan Financial Corporation]

Solutions

Well, how can we solve grain problems and how can we prevent supply shortages, speculation, and prices far above official prices? First of all, we must clearly recognize that there is no single solution to the problem. It is not a matter of turning every Nicaraguan into a productive farmer or of establishing a few gigantic corn "factories." There are several solutions which in general can help us to solve these problems.

- 1) Helping the farmer to improve his storage methods in order to avoid post-harvest losses, as well as dry farming and storage in CAI (Intermediate Collection Centers);
- 2) Making the APP a "reliable" producer of basic grains with high technology and irrigation in order to avoid irrigation in drought years;
- 3) Improving roads and transportation for distributing production from remote areas;
- 4) Preventing the pricing policy from encouraging, as at present, many producers to buy grain instead of producing it; in this sense, it would be important for commercial farms--private or APP--especially coffee plantations and cattle ranches, to supply their own needs, as was common in the case of grains, in order to avoid a seasonal imbalance in the corn and beans market during periods of short supply;
- 5) Promoting a semitechnical modernization program for farmers in order to increase their productivity per manzana;
- 6) Promoting family, school and community gardens in urban and semiurban areas as a means of alleviating the supply burden in cities.

Productivity Called Main Problem

Managua BARRICADA in Spanish 11 Oct 83 pp 1, 5

[Text] Companero Pedro Antonio Blandon, director of PAN, explained yesterday that 90 percent of the first-harvest planting goal has been met, but that it is difficult to determine what production will be, since there is currently no way of calculating the productivity of the planted area.

The basic-grains situation is not serious, however, according to the official, who said that a steady supply of rice and beans is expected and that measures have been taken to import corn needed while the first harvest gets underway.

Blandon explained that the first-harvest planting goal was 304,900 manzanas and that 274,000 manzanas have actually been planted so far, which is 50,000 manzanas more than the figures furnished yesterday by BARRICADA, which corresponded to records as of 27 August.

Blandon stated that the crops most affected in this growing period are corn and sorghum, with 173,000 manzanas having been harvested in the case of the former, which is 11,000 less than planned.

Estimated corn production for the current growing season is 3 million quintals and it is expected that demand can be supplemented with later irrigated plantings, which will total 13,000 hectares of irrigated corn to be planted in the west, PAN Director Blandon said yesterday.

The official reported that the production from 55,000 nonirrigated manzanas and from 50,000 irrigated manzanas, as well as the production from the contingency plan for irrigated corn, will have to be added to the production from the 173,000 manzanas planted with corn for the first harvest.

In the case of sorghum, another of the crops affected in the first harvest, for which barely 9,600 manzanas were planted, the government has concluded production agreements with growers and about 35,000 manzanas have been planted for nonirrigated production, which would substantially increase the supply of that grain, which is vital for poultry and swine production.

PAN's director pointed out that the existing problems are the result of an inadequate production structure and that the result of grain production is an enigma every year.

The problem lies not only in the impossibility of planning the area of planting, but also in the problems of determining productivity levels due to material conditions and the technological backwardness of our farmers, who are responsible for almost 90 percent of grain production.

A structural transformation of the country is needed to make it possible to overcome problems of rainfall, soil erosion and the lack of an adequate infrastructure, Blandon said.

Problem of Productivity

Agreeing with Blandon, companero Alejandro Arauz of the Production Division of the National Union of Farmers and Livestock Breeders said that the main problem with grains is productivity and not the amount of area planted.

He went on to say that in Nicaragua the most serious problem is that farmers continue to produce according to the laws of nature, planting in poor soil where the number of manzanas may be in the thousands, but where productivity is nil.

Arauz cited the case of corn production, in which 55 percent of production is lost due to moisture and contamination.

The situation is aggravated by other problems, such as the fact that collection centers are located closer to marketing centers than to producers, the result of a vote-getting policy of Somoza.

Added to this are ENABAS' difficulties of purchasing all grain production, due to a lack of capital and infrastructure.

Vegetables Also

There are also problems in the case of vegetables, since, according to Arauz, all of the little that is produced is not consumed in Nicaragua. Most vegetables go to waste as a result of climatic and transportation problems and because of the lack of collection centers, Arauz explained.

The only ones who benefit from this situation--he added--are the middlemen, who make a 70-percent profit on the marketing of vegetables, since the producer cannot manipulate the market and since this is a seasonal crop, which is subject to speculation.

11915

CSO: 3248/79

COMPTON ADDRESSES UWP CONVENTION ON ACHIEVEMENTS

Progress Report

Castries THE VOICE in English 12 Oct 83 pp 1, 3

[Text]

PRIME MINISTER John Compton last Sunday told a convention of his ruling United Workers Party of some of the "modest achievements" of the government since its return to office 18 months ago.

And Compton, political leader of the party, announced certain projects to be undertaken in the coming months.

He told the convention that the mandate given to the UWP in May 1982 was to clean up the mess created by the St Lucia Labour Party in the previous three years and proceed with the reconstruction of the country.

He warned that considering what went on under the SLP, the way back will be "slow and painful demanding all the patience, fortitude and perseverance which we possess".

For the first time too, Mr Compton publicly admitted that the level to which the country had declined was greater than he or his party had anticipated when it assumed office.

But he said, progress was being made and he quoted from the most recent World Bank report on St Lucia to back up his claim.

According to Compton, the report, published earlier this month states that St Lucia's rapid economic growth in the 1960s and most of the 1970s had been interrupted in 1980 by political instability, natural disasters and unfavourable international conditions.

And the report concluded: "Resumption of sustained economic growth requires the preservation of the favourable investment climate achieved in 1982."

Compton said his Government had succeeded in bringing runaway inflation under control. The World Bank report, he said, indicated that from an inflation rate of 19.6 percent in 1980 and 15 percent in 1981, the trend was now on the decline. According to the report, consumer prices rose by 4.6 percent last year on an average basis and by only 0.6 percent on end of the period basis.

BUILDING

Compton reported that the price of basic commodities like sugar, flour, rice, gasoline, diesel and cement had been reduced.

He also listed the re-employment of daily paid workers laid off in 1981, the road building programme financed by the United States to the tune of \$18 million, the increase in the island's banana production as a result of government's provision of supplies of fertilisers to growers, resurgence of the tourist industry with new airline services to the island among the achievements of his Government.

And Compton announced that the Itos oil operation "which was severely affected by our political and industrial turmoil will soon show some increased activity although it is now obvious that the refinery lost during these days of turmoil may be lost forever".

But he told supporters, "Let not our modest achievements blind us to the task ahead. The road will be long and the trials will be sore and many a sunshine soldier will fall by the wayside as the storm clouds gather and the going gets rough...."

Mr Compton also spoke of some areas of concern as well, and mentioned the continuing drain in the country's resources by an overstaffed public service. He said that public administration had been thrown into such disarray that 18 months afterwards, it could not adequately respond to the needs of the country.

He declared: "To support this costly administrative structure, Government every month drains the banking system of cash which should provide the needed capital to finance our economic recovery.

REVENUES

The weight of the administrative structure threatens to bring this country to its knees."

He noted that every single month the Government had to resort to borrowing to meet public service salaries because the revenues from taxation is inadequate to meet these demands.

He declared: "If we have to borrow to meet current wages and salaries how can we get out of the hole. And knowing this there are some who are still making new demands. Government cannot even meet back pay that is due and yet they are making demands for new increases."

According to Compton, the public service wage and salary bill amounts to \$4½ million every month adding that until the cost of the service was re-

strained there was little prospect of economic recovery, however favourable the long term prospects were.

Revealing details of some of the coming projects.

Compton said the Government had introduced legislation to create a Free Zone in the Vieux Fort area, a concept which has the support of the World Bank and for the development of which US\$6 million or EC\$13 million has already been pledged. A World Bank team will visit Saint Lucia in February 1984 to put the final touches to this project which will involve improvement to the airport, the port and the facilities of the industrial estate while the Caribbean Development Bank will continue to finance the construction of the necessary factory shells.

In support of the industrialisation effort he said, a number of ancillary projects are either underway or in an advanced stage of planning. The highway connecting Vieux Fort to Soufriere is already being improved and reconstructed, with USAID funds while assistance is currently being sought for the development of our geothermal resources at Soufriere to ensure a reliable supply of electricity to the industrial zone.

POSITIVE

Agreement has been entered into with an international firm to install and distribute the electricity from the fields, should the wells yield positive results. For the test wells the Government was in active negotiations with the Government of the United States of America, he said.

Compton said the Government was gearing this country

for "total development" from which no section, sector area or class of persons will be left out. On the West Coast road between Castries and Soufriere, he said, preliminary costings and designs had been completed and pledges of US\$2 million had already been received while the search was continuing for the remaining \$8 million which this road was estimated to cost.

"And as there can be no development without adequate water supply, the Roseau dam has been earmarked for construction as a joint venture of the Government of St Lucia, the Government of Canada, the World Bank and the Caribbean Development Bank. This project would have been completed this year 1983 were it not for our misfortune of 1979.

"But while we are probing for electricity from the volcano, while we are building large dams, the smaller things have not been forgotten. This month a rural electrification programme will commence and many villages and settlements now without electricity may have such a convenience by Christmas, and we pledge, that every settlement in this island will have electricity before the end of this current term in 1987. Some will have early, some later, many will complain but none will be left out. All will have. This is a firm promise."

He said the sum of \$400,000 had already been allocated to the Central Water Authority for a small water extension programme while the larger projects would be financed from a C.D.B. Loan.

One of the major projects would be the gravity system for Vieux Fort to serve Grace and the upper areas of Vieux Fort and a similar system for Miqueud.

Land Reform Plans

Castries THE VOICE in English 12 Oct 83 p 2

[Text]

PRIME Minister John Compton has announced his Government's plans to accelerate its policy of cutting up large estates and selling plots to farmers.

Addressing the convention of the ruling United Workers Party at Vieux Fort last Sunday, Mr. Compton said that before the end of 1984 the sub-division and sale of the Roseau, Cul de Sac and Denny estates will have been completed.

Mr. Compton spent some time in his convention address talking about agriculture and the Government's developmental goals for the future. He said:

"As we move into the first decade of our independence and into the last decade of the 20th century we must have clearly defined goals for which we seek national acceptance. Part of the problems of this Party in the past, was the lack of articulation of clearly defined goals, which resulted in that lack of social cohesion necessary to maintain a concentrated drive towards national development, and while during the 15 years of our last tenure of office, substantial material progress was undoubtedly made, some sectors felt alienated from it due in part, to lack of participation in the process, and a failure to identify with the objectives being pursued. This lack of identification and feeling of alienation was cunningly, unscrupulously and successfully, exploited by the opposition with such tragic consequences to Saint Lucia.

"But what are the goals we must here set ourselves? The goals are simple, we must work so that this dear land of ours and its people should enter the 21st century free of the scourges of Ignorance, Poverty and Disease. We must resolve that every St. Lucian child must have a place in school and a well trained teacher to learn from. We must resolve that every community

be served with the basic health facilities and trained personnel to deliver the health care. We must resolve that every community be served with pipe borne water and with electricity. We must resolve that the necessary financial and administrative institutions are in place to permit every family to own a home. We must resolve that our children are provided with places and facilities for recreation, so that their spare time is used not for idleness but for leisure. We must resolve that we now create the climate for investment and sustained development so that our children graduate not into unemployment, but are provided with opportunities for the use of their talents for their own advancement and for the good of the Nation. But most important we must resolve that these are not pious resolutions but solemn commitments to our future, our children and our Nation - commitments to bring these resolutions into reality.

"These are all goals within our capacity, to achieve. Perhaps we should now take an inventory of our resources which we can employ for their achievement.

"At our Independence we engraved upon our shield of honour as our Motto, three short phrases: The Land, The People, The Light. These phrases represent in totality the inventory of our assets and these assets we must employ to their fullest for the attainment of our national goals, be they social or economic.

"We must realise that for many decades there has been a drift away from the land into the urban areas in order to halt this drift the last Government of the United Workers Party adopted as a conscious policy, the improvement of the quality of life of the rural areas by bringing to these areas the basic amenities of civilised life of water, electricity, health facilities, educational

institutions. But this merely slowed, but did not stop the urban drift. This Government will continue this policy. But more important, this Government will endeavour to make farming both profitable and challenging in order to encourage our educated young people to take up farming as a worthy and profitable avenue for the employment of their talent. It is only in this way that modern techniques and scientific methods can be introduced into the field of agriculture.

"Government has already moved to acquire and subdivide the three large estates of Dennery, Roseau and Cul-de-Sac. Now, for the first time, persons will have an opportunity to own the lands on which they and their parents before them toiled as slaves or ordinary labourers. Before the end of 1984 the subdivision and sale of these three estates will have been completed, creating a completely new land-owning class of persons who either worked as labourers or merely worked land without title or any security whatsoever.

"Agriculture will for the foreseeable future be the mainstay of our economy. But we must produce more from every acre of land if agriculture is to be profitable. Active farmers must be given enough land upon which they can earn a decent living and adequate arrangements must be made for development loans and for

the marketing of their crops.

"In an effort to modernise our agriculture, we do not stand alone. Many agencies and Governments stand with us as they realise that our farmers wish to help themselves. For many years we have had the support of the British and Canadian Governments, and now for the very first time the American Government has come to our assistance with a grant of \$20 million to help the hundreds of farmers to obtain a good title to the land they farm, to help with the planting of tree crops which will provide additional income, and protect our soil, to help the banana industry and to assist us with

the survey of our boundaries of our crops.

"If the money earned by export agriculture is to remain in St. Lucia and contribute to our development, we must produce more of the food we eat, therefore the necessary marketing arrangements must be made. We must reduce the wastage of agricultural products, therefore we must move into the canning industry and into other agro industries. With adequate prices, secure markets and responsive credit facilities, the incentives for increased production are in place and agriculture will be geared to make an even greater contribution to the economy than it is now.

Above, UWP supporters at Sunday's convention.

CSO: 3298/142

TRINIDAD TRADE REGULATIONS RAISE PROBLEMS LOCALLY

Exporters-Government Talks

Bridgetown BARBADOS ADVOCATE in English 14 Oct 83 p 3

[Text]

CASTRIES, St. Lucia, Thursday, (CANA) — St. Lucia's manufacturers today hold talks with the government on possible dislocations here following Trinidad and Tobago's decision to reduce spending on inessential imports, a spokesman for the manufacturers reported.

The meeting, bringing together small and large exporters and Trade Minister George Mallet, comes almost a week ahead of October 19-20 crucial discussions among manufacturers from seven Caribbean countries on the implications of the Trinidad and Tobago Government move, according to President of the St. Lucia Manufacturers Association, Primrose Bledman.

"These emergency meetings have been called as a result of the effects which the latest financial measures recently introduced by Trinidad are beginning to have on the manufacturing sector in St. Lucia and the other OECS (Organisation of Eastern Caribbean States) states," said Bledman.

He told CANA that several major exporters have received telexes from their purchasers asking that shipments of all goods to Trinidad and Tobago

be held back until further notice.

"This follows upon the problems created by the introduction of the requirement of licensing for the entry of CARICOM (Caribbean Community) goods into Trinidad and Tobago, which spells the death knell of intra-regional trade, and makes the closure of some local manufacturing enterprises imminent, with the consequent threat to the livelihood of numerous employees," Bledman said after talks with Mallet on the issue last night.

The Trinidad and Tobago Government last week announced measures to check what Prime Minister George Chambers described as a wastage of foreign exchange.

Chambers, who told parliament that spending on luxury items had skyrocketed despite a slowdown in the oil-dependent economy of Trinidad and Tobago, said his government planned to cut back on foreign exchange allocations for imports of essential items.

The authority for granting approval to importers to buy foreign exchange has been shifted from the Ministry of Industry to the Central Bank. Priority will be given for purchases of capital goods, raw

materials and other inputs for industry, and drugs.

Bledman said: "The measures will hurt even more because they have retroactive effect, in that importers who had already received approval to purchase foreign exchange have been asked to return their forms to the Central Bank for re-evaluation."

He said that all import licences already granted are also under review, thus jeopardising export production of goods already produced and awaiting shipment, or which are in the process of production.

"In fact, some of these goods are already lying on the docks in Trinidad," he said adding: "Industry in St. Lucia is now facing the prospect of having million of dollars more tied up in frustrated export orders, a situation which even the largest manufacturers cannot sustain any longer without collapsing."

He said that "already some firms have had hundreds of thousands of dollars tied up in goods awaiting licenses."

He said that while Trinidad and Tobago had previously based its restrictions on imports on the alleged breaches of CARICOM rules of origin there had been evidence of large-scale mispractices in the area of application of the rules of origin criteria.

Appeal to Port-of-Spain

Bridgetown BARBADOS ADVOCATE in English 19 Oct 83 p 1

[Text]

CASTRIES, St. Lucia, Tuesday, (CANA) — St. Lucian manufacturers say they have millions of dollars worth of Port-of-Spain-bound products in abeyance because of Trinidad and Tobago's new foreign exchange regulations.

Speaking after an emergency meeting with Trade and Industry Minister, George Mallet last weekend, Manufacturers Association President, Primrose Bledman, said that the situation was so grim that several businesses were planning to lay off employees.

The St. Lucian manufacturers called on the Trinidad and Tobago Government to postpone the implementation of the new measures in so far as they affect the smaller Caribbean states.

CSO: 3298/142

ECONOMIC PROGRAMS OF LUSINCHI, CALDERA COMPARED

Caracas NUMERO 16 in Spanish 16 Oct 83 p 15

[Text] Foreign Debt

[Lusinchí] Refinance the foreign public debt, without harming the standard of living of Venezuelans and solve the problems of the legitimate, verifiable foreign private debt, without causing a change in the equilibrium of private enterprise or negative consequences in the balance of payments.

[Caldera] Provide financial formulas that will guarantee moneylenders their legitimate return and at the same time prevent conditions that could cause social or economic harm to the nation.

The commitments that the government will make in connection with refinancing must have general consent, and specifically the consent of the political forces, which represent practically the entire country. The state must make an effort to keep interest payments current and find the mechanisms that will make it possible to assume the foreign debt contracted for the legitimate activities of the private sector. The purpose of this sacrifice is to avoid the imbalance that would occur on the balance sheets of private enterprises if there should be a change in the amount of bolívares from that of their former foreign debt.

Foreign Exchange Policy

[Lusinchí] Carry out a foreign monetary policy that is based on simplified foreign exchange.

Plan the use of foreign currency according to the priorities of domestic development: requests for investment by the oil industry; payment of debts; importation of foodstuffs, parts and spare parts, essential raw materials, cultural goods, equipment for projects underway, and essential health equipment.

[Caldera] Assure the supply of foreign currency needed for production and for regular activities, so as to prevent any stopping of supplies and to avoid any delay in the normal provision of services and to protect the country from the serious disorders that would result if it were left to the mercy of an exchange floatation.

Avoid a marked and progressive devaluation of the bolivar, the consequences of which would be harmful to all categories, especially those connected with inflation, unemployment, and the loss of the tendency to invest.

Monetary Policy

[Lusinchí] Create a favorable atmosphere for the controlled expansion of monetary liquidity, adjusted to the rate of increase in domestic production, taking into consideration the financing needed to produce essential goods and services, as well as an increase in the use of the industrial capability that is already set up.

Make use of legal mechanisms so that the state may influence or evoke the fixing of interest rate levels, limit all likelihood of speculation, and turn the state into a decisive instrument for economic recovery and promotion of domestic development.

Reorganize the money market.

[Caldera] For the purpose of aiding economic recovery, the best utilization will be made of the resources of the domestic financial system by providing a better flow of funds to the compartments into which financial activity is divided today by an exaggerated institutional specialization and the development of new operational methods that will facilitate the supply of domestic credit in proportion to the demand created by priority activities, in accordance with economically advantageous opportunity and conditions.

There will be a reform of the standard pertaining to the entire domestic financial system, including organizations governed by special laws. There will be a continuous evaluation of the increase in the supply of credit in order to keep it at a level that will contribute to the positive mobilization of our economy, without increasing domestic inflationary pressures.

Prices and Salaries

[Lusinchí] Check inflationary effects and the loss of the purchasing power of wages. To this end, mechanisms will be orchestrated for the flexible control of prices, without their diminishing the capability of enterprises to invest, and for the development of a subsidy policy for the family basket. In addition, within the framework of the Social Pact, mechanisms will be orchestrated for salary adjustments, especially for the smaller income groups.

[Caldera] A flexible and effective price policy will be orchestrated that will aim to adjust prices in accordance with the cost of living and to provide tax incentives that will stimulate reinvestment. The economic policy must lead to the protection and better distribution of real income. The policy to commercialize production will tend to pragmatize and reduce mediation and trade procedures, with a view to minimizing the manipulation of prices and to avoiding improper price increases. There will be employment and production agreements between labor and management...which will include orientations on collective negotiations, so that they will become effective instruments for employment policies and for the attainment and maintenance of social peace.

8255

CSO: 3348/24

ESTEBAN REY QUESTIONS CALDERA'S ECONOMIC EXPERTISE

Caracas EL UNIVERSAL in Spanish 20 Oct 83 p 1-12

[Article by Luis Esteban Rey]

[Text] The dictionary tells us that experience is "knowledge obtained due to practice and observation." Much has been said in the presidential campaign of Dr Rafael Caldera about how his experience as a government leader more than qualifies him over the other presidential candidates for assuming the Presidency of Venezuela in the next term. However, one would have to ask himself in accepting or rejecting that statement: What is the experience offered to us by the COPEI [Social Christian Party] standard bearer? The Venezuela we have begun to live in, and whose serious profiles will become accentuated in the immediate years is, so to speak, an unknown Venezuela, a Venezuela without antecedents in the democratic quarter century we have covered. Only Romulo Betancourt faced a crisis which forced him to impose controls on exchange and drastically reduce public spending, including on the salaries of administrative personnel. But after all, it was a relatively minor and fleeting crisis if compared with the present one, and in any case, its solution was possible because of the effectiveness with which the administration faced it without contradictions or indecisiveness.

Now, the crisis is more profound and up to now the future is not clear. Petroleum income is not only insufficient but we also have a very large foreign debt and a still unknown private debt. None of this happened during the administration of Dr Caldera. His experience, his only experience was that of most of our rulers: the handling of petrodollars, supporting himself on them for his administrative work, in other words, distributing the petroleum subsidy, which in one way or another we Venezuelans enjoy, or better said, enjoyed. This was done with greater or lesser success but without any great difficulties, without any truly serious problems. There existed no situations such as the one we are suffering today. Therefore, the truth is that neither Dr Caldera nor any other Venezuelan government leader has the experience required to surmount the obstacles that the bad COPEI administration and the inexplicable Central Bank of Venezuela-Finance quarrel has made more difficult to overcome.

Lack of Economic Interest

Moreover, the top COPEI leaders have shown they possess a sort of allergy with respect to the economy, which turns into a lack of interest about everything which near or far has anything to do with it. We now recall that years ago a very well

known economist told us he had met with Caldera in Miraflores to bring up some subjects having to do with the economy and finances of the country and that the president evaded the subject and tried to speak of other things. Days later we asked a COPEI economist, also quite well known, if it were possible that Dr Caldera did not understand economic problems, which after all is not an obligation for someone who is not a specialist. His reply was: "It is not that he does not understand them, it is that they do not interest him."

With the passage of time the former president has shown that when he tries to become interested in them, he does not make much of an effort to understand them nor does it seem that there is any social christian specialist who can make him understand them (perhaps for fear of boring the one who it is supposed knows it all). About the middle of last year the symptoms of what was coming were already very clear; qualified spokesmen of Democratic Action [AD] once more issued warnings and observations about the measures that should be taken. Then Dr Caldera jumped into the arena, declaring himself to be a firm advocate of the revaluation of the Bolivar and accusing Democratic Action of favoring devaluation. That at that time someone could advocate revaluation of money was a clearcut demonstration of an absolute lack of knowledge of what was happening. Months later the COPEI candidate gave public assurances that there would be no exchange controls nor devaluations and a few weeks later hasty decrees by the Executive gave him the lie. Caldera blamed his error on information from Diaz Bruzual, president of the Central Bank of Venezuela, but a presidential candidate who was really interested and concerned about economic problems, and well advised by specialists, would not have committed that "faux pas," which revealed his inexperience on economic matters.

Democratic Action and the Economic Situation

We are not going to commit the foolishness of saying that on the contrary the AD people are economic geniuses and that with them everything would be peaches and cream. Nothing like that. Undoubtedly, however, the AD leaders and their specialists in economy and state finances have a greater knowledge of the economic realities and administration of the country. They know for certain what is going on and what measures should be adopted to face the crisis, without, of course, being unaware of the seriousness of the difficulties and the unpopularity of several of the decisions which are now necessarily unpostponable.

We are not saying that the AD did not commit errors when in government. However, those were perhaps due more to a desire to hurry through phases in the development of the country, errors which did not consist of the goals established but of the time period for approaching them. At any rate, errors of that nature are pardonable because of the purpose and overall encompassing nature of the projects undertaken. What is unpardonable is for a government to operate between mistaken economic policies and contradictory administrative and financial concepts, revealing a lack of leadership which allows public controversies such as those of the BCV president and the minister of finance on affairs of such importance for the international prestige of Venezuela as negotiation of the state and private debt. Meanwhile the minister of interior speaks very seriously of a campaign of rumors against the financial system, which according to his suppositions has "political origins." Unfortunately, for obvious reasons, DISIP [Directorate of Intelligence and Preventive Actions] is not going to untangle the yarn to reach the ball itself.

The Advantages of Jaime Lusinchi

We have tried to emphasize the notable advantage that Jaime Lusinchi has over Rafael Caldera in a difficult field such as the national economy is today. As we have already pointed out, there exists no specific experience on a crisis such as the present, however, it can be stated that the AD economic teams have a clearer and more realistic view of the economic question and this helps to broaden the capacity for understanding of Jaime Lusinchi, who in his meetings with sectors of the business community and professionals has demonstrated that he is seriously interested in economic problems; that he knows their dimensions and the policies that must be put into practice to straighten out the serious economic errors of the LHC administration--the latter always received the unconditional support of the COPEI in Congress and in the media--which subject as it is to traumatizing internal contradictions and opposed interests, shows itself to be vacillating and unsure and only takes halfway measures.

Social Pact

It is proper to emphasize that the very idea of the Social Pact, one of the basic theories of the AD presidential candidate, is one more proof of his knowledge of the depth of the crisis and of the need for decisions such as those the Social Pact expounds when it proposes a joint action of the state, the business community, the workers and all the forces of the country who want to unite to overcome it and at the same time open the ways to a more authentic postpetroleum economy founded on the work and the will of the Venezuelans, more so than on petroleum, since by itself it is incapable of providing for the growing needs of the country and of responding to an unpostponable and new view of national development.

There is no Valid Experience

We could summarize this commentary by insisting that the Venezuela of today is an undisclosed Venezuela, unknown in the past 25 years. We are faced with new situations for which there are no valid home-grown experiences. All our experiences and those of our government leaders and former government leaders are of times which were more or less tranquil without serious economic problems. The past counts for little. What counts now is the willingness to understand and take an interest in the origins of the crisis and in its solutions. Miracles or those who say they have the ability to produce them are not what is needed, rather, men are needed who are close to their people; who have a clear policy are aided by a suitable and coherent team and have a firm hand on the helm of the state.

8908

CSO: 3348/48

CALDERA UNDERLINES DISAGREEMENT WITH CURRENT ADMINISTRATION

Caracas EL UNIVERSAL in Spanish 20 Oct 83 p 2-1

[Article by Jorge Villalba]

[Text] Rafael Caldera explained yesterday on television why in his judgment he is not responsible for the administration's performance, citing several instances in which it made decisions that ran counter to his views.

Interviewed by Edgardo de Castro, the COPEI presidential candidate took the opposite of the traditional "mea culpa" approach and asserted that he bore none of the blame for the current Christian Democrat government, his premise being that the man in charge is President Herrera Campins, not he.

Caldera cited several examples of "his differences" with Herrera Campins's style of government. Among others, he recalled that during his administration there were arguments almost every day between Finance Minister Pedro Tinoco and Development Minister Haydee Castillo. He was alluding to the current battle between the Finance Ministry and the BCV [Venezuelan Central Bank].

"Those differences of opinion never came out, because President Caldera listened to them and said: 'This is the solution,'" he said.

"The country has to realize. I'm not the president. President Herrera informed the country very clearly that he is the man in charge. Even before taking over as president, he made his position vis-a-vis Rafael Caldera very clear when he was asked whether he wanted Caldera to leave or remain in the country. He said: 'I want him to stay, so that people see that I'm the man in charge! Herrera Campins that is.'"

The Social Christian candidate later continued his efforts to differentiate himself from Luis Herrera.

"The country knows that President Herrera has done some things right and some things wrong and that he has his own personal and administrative

style. I don't agree with that style, but I recognize, and I acknowledged as much ever since he was a candidate, that he was the man who was going to be in charge...I then emphasized his virtues, pointed out the problems facing the country and campaigned for him...I was not at all petty, so that no one could think that Caldera was not helping candidate Herrera...No, I did not help out to the full extent that they allowed me!"

He pointed out, however, that from the time that Luis Herrera took office as chief executive until the last day of his administration, he has been and will be the man in charge.

"I think that he often makes decisions that are exactly the opposite of the ones I would make because he thinks that this shows that no one controls him."

But people wonder, the moderator interrupted, how you as the father of COPEI can think one thing and the COPEI administration can do something different...

Caldera indicated that one of the arguments that the military put forward for the 1948 coup was that AD and not President Gallegos was in charge of the government. Therefore, he explained, the parties decided to free presidents of party discipline.

He recalled that President Herrera therefore appointed his ministers and governors, in most cases without consulting COPEI. "Much less consulting me, because when I proposed that Alfonzo Ravard be renamed president of PDVSA [Venezuelan Petroleum], he removed Alfonzo Ravard."

"In the case of the Central Bank," he went on to say, "the party ordered the bank's president to leave his post and suspended him as a bank member, in accordance with its bylaws. Yet he stayed...Well, gentlemen, tell me if that doesn't show that the president, not the party is in charge."

The COPEI standard-bearer then stated that "Caldera will take responsibility for the government when he again takes office as president."

"If the country has confidence in me and entrusts me with the government, then I am going to govern...I have told the party that I'm going to listen to it, which doesn't mean that the party is going to make the decisions. I have no complexes about listening to its views, perhaps because I am the founder of the party," he underscored.

Caldera admitted that he requests and listens to the opinions of others. "But I'm the one who's going to be in charge, not the party," he concluded.

8743

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CALDERA PRESENTS PLATFORM IN MARACAY

Caracas EL UNIVERSAL in Spanish 23 Oct 83 p 2-24

[Text] Maracay, Aragua State, October 22 (Special)--A boost to the process of industrial development, particularly in the area of small and medium industry, and promotion of agriculture and livestock raising are the fundamental goals of the government program of Rafael Caldera for Aragua State.

The program was explained by the presidential candidate in a rally held last night in this capital.

Caldera, in a message which lasted for an hour, outlined the projections and scope of the work he is prepared to accomplish under the title of "My Promise to Aragua" during the 1984-1989 constitutional period.

The program has as its basic premise that the main effort will be aimed at the attainment of a "harmonious and self-sustained development," taking into consideration that the regional economy has been based on the industrial sector.

Caldera promised to sponsor the development of the agricultural-industrial and horticultural sectors, thus insuring that the agricultural sector will be integrated into the rest of the community of the state.

With respect to the agricultural sector, Caldera offers the Araguans plans for the production of foodstuffs that will allow satisfying the regional as well as the national demand.

Prominent among the objectives proposed is the intensification of production "so as to obtain a supply of raw materials for industry and public consumption."

He added: "Much emphasis will be placed in providing an incentive to the men of the rural area together with the resources needed for putting into practice programs of granting land, and the improvement and maintenance of infrastructures."

Together with the mechanisms leading to linkage between the rural producers and the experimental centers through research projects which are in keeping with the needs of the region, actions relative "to the mandatory nature of technical assistance to those benefitting from loans whether from own resources or from the Agricultural-Livestock Credit Fund," will be stipulated.

In his program of government for Aragua, Caldera views promotion and development of small and medium industry as sources which will produce and hire technically skilled personnel.

In the industrial area, the COPEI candidate also offers special attention to the installation of agroindustries in Aragua State "pursuant to the parameters that provide the comparative advantage of the zone and the policy of territorial regulation..."

The raising of the standard of living is another of the important targets for Caldera and in this respect he proposes to direct his attention to "providing healthful housing, road systems adapted to the requirements of modern life, efficient public services and installations for leisure, recreation and study."

Likewise, in the area of housing, developments are under consideration in Saman de Guere, Marino District, Los Tanques, Villa de Cura, in addition to those linked to the development program of the southern part of Aragua state and other towns, depending on their requirements.

Attention will also be directed to incorporating into the urban process that land owned by the IAN [National Agrarian Institute] which surrounds the areas of the main cities.

The candidate offers improvement of the Maracay civilian airport and the expansion of routes:

Among urban projects are included the completion of the Metropolitan Park of Maracay, the program of urban rearrangement of the central area of the capital of Aragua, the development of the Saman de Guere Park and the construction of the Maracay Colosium.

In matters of electricity, the Caldera government will make its maximum effort to increase the generating capacity of electricity "to prevent the blackouts to which the people are constantly subjected."

There will also be efforts to give continuity to the program of improvements of the lighting systems of the cities and towns of the state.

Among other activities is included support to municipal activities so that the councils will assume greater responsibilities with respect to transportation and traffic.

There is also the offer for the implementation of the plan for a metropolitan transportation authority which will allow providing an integral treatment to the sector in normalizing, planning, orienting and controlling activities in general.

"We shall make a study of a massive rapid transport, which will become a part of the regional system defined by the Valencia, Maracay, Caracas axis" offers Caldera.

There is mention of the construction of a national passenger terminal for the external urban routes in La Encrucijada and the conversion of the present terminal to serve the routes servicing the metropolitan area.

Caldera promises a special attention to the area of tourism, indicating the coastal area of Aragua as a priority area, particularly Ocumare de la Costa, where a program of integral development will be undertaken.

In the initiatives aimed at the proper use of the Henry Pittier National Park, Lago de Valencia, the Zuata, Taiguaiagui and Camatagua Dams and the construction of tourist services on the Aragua beaches, the government program emphasizes construction of: hotels, parking lots, dressing facilities and camp sites. The new administration would also give continuity to the plans for the reconditioning of the Maracay Hotel.

Deserving of special mention are the actions that would be ordered for the clean-up, recovery and use of Lago de Valencia. "The urban and industrial concentration of the region, particularly the metropolitan subregion of Aragua State is seriously affecting the longevity of the lake by progressively degrading the quality of life of the population; for that reason the recovery and cleanup of the lake for recreational use becomes necessary. In that respect, we shall give continuity to the program of installation of treatment plants. We shall likewise strengthen the Institute for the Preservation of Lago de Valencia in the programs that institute is putting into practice."

Caldera pledges the diversification of opportunity for study in the educational field, taking into consideration the vocational orientations and priority needs of the region.

The candidate presents the commitment to impose "permanent programs of maintenance and repair of school buildings with the participation of the educational community."

In the field of health, the presidential candidate guarantees the establishment and fixing of precise standards that will fully insure treatment for the people. "The health policy will mesh with the general policies of development, particularly with those of social type on the regional level."

He added: "For the application of this health policy, we have established the priorities in this field in that which has to do with the construction and creation of institutions, as well as the preparation of personnel resources required in each specific field of health."

In addition, "the creation and putting into operation of the National Health Service will be promoted, which will be the final step for the good progress of all health services on a national level."

The program will pursue personal improvement, physical as well as spiritual, of the people of Aragua through cultural, artistic and sports activities.

In the field of sports, there is the offer to convert the former La Trinidad school into a regional center for attention to athletes, with sports, medicine, training and dining services.

CALDERA'S EARLY DISCLOSURE OF CABINET MEMBERS PRAISED

Caracas EL DIARIO DE CARACAS in Spanish 28 Oct 83 p 6

[Editorial: "We Need to Know"]

[Text] Rafael Caldera announced at his weekly press conference on Wednesday that if he is elected, Julio Sosa Rodriguez would be his finance minister.

Sosa Rodriguez's personal merits aside, Caldera's announcement added another major element to the election campaign. By gradually disclosing the main members of his cabinet, he has given voters the chance to choose not only the president but also the core of his colleagues in government.

This early mention of the main candidates for the major ministerial posts could thus add to or subtract from Caldera's vote total.

In any event, however, voters are thus being given broader background information on which to form their judgment and make a reasoned decision about their choice for president and now his cabinet.

What Caldera has done in this regard is positive. It reflects a recognition of how sophisticated Venezuelan voters are and further democratizes the electoral process.

The cabinet is, of course, only part of the immense Executive Branch, which comprises the 3,500 officials whom the president of the republic has to appoint, including the presidents of the 411 deficit-ridden government enterprises and the governors. As 4 December approaches, it would also be a good idea for the electorate to learn the identity of the main candidates for the republic's top-level political and management positions.

Another constructive effect of Caldera's initiative is that it will surely force his rivals, Jaime Lusinchi, Teodoro Petkoff and Jose Vicente Rangel, among others, to follow his example and put before voters some of the main members of the government team with which they plan to run the country. Our choice would thus be among teams,

which is much more useful than comparing just two or three men, whom the presidency makes all-powerful quasi-monarchs.

When the country elected Luis Herrera Campins, who promised to "straighten this out," in 1978, no one voted for Leopoldo Diaz Bruzual, Jose Alberto Zambrano or Rosario Garcia Serrano, to name just 3 of the 3,500 administrators whom the next chief of state must appoint.

COPEI, AD, MAS [Movement for Socialism] and the other parties all have available, among their members and among independents, men and women with the qualifications to help solve some of the country's main problems from high government office.

Caldera has told us that Julio Sosa Rodriguez will take over at the Finance Ministry. This is the first step. The country is curious and has a need and a right to know the other names.

8743

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LEFTIST COALITION WINS UCV ELECTIONS

Caracas EL UNIVERSAL in Spanish 22 Oct 83 p 1-12

[Article by Rafael S. Borges]

[Text] In the student elections held at the Central University of Venezuela [UCV], the MAS-MIR and PCV [Movement Toward Socialism-Movement of the Revolutionary Left and Communist Party of Venezuela] alliance managed to place two representatives in the University Council. Democratic Action [AD] elected the third. COPEI did not obtain enough votes to be represented in the highest UCV body and the other political organizations obtained fewer votes than last year.

Partial results of these elections were revealed to newsmen yesterday by Roberto Lopez, present president of the Federation of University Center [FCU] and by Luis Zarraga, student representative to the Electoral Commission, because the members of the electoral Commission, who worked all night and early morning in overseeing the voting process, had retired to their quarters at 0600, saying they would reveal the exact official results around the middle of next week.

Unofficial figures reveal the following results for the student representation in the FCU:

	Votes
Slate 15 (MAS-MIR-PCV alliance)	4,513
Slate 1 (AD)	2,935
Slate 3 (COPEI)	2,368
Slate 10 (CLP [Popular Struggle Committee])	306
Slate 16 (LS [Socialist League])	214
Slate 12 (PST [Socialist Workers Party])	156

For these student bodies (FCU and Student Centers in Faculties and Schools) the votes in the Schools of Engineering, Humanities and Agronomy still have to be counted.

Unofficial figures for the election of student candidates to the University Council are:

	Votes
Slate 15	6,639
Slate 1	3,524
Slate 3	3,039

These partial results give two posts to Slate 15 in the University Council and one post to Slate 1 of AD. If this is true, once the total number of votes has been counted by the Electoral Commission, the student representatives to the University Council will be: Julio Fernandez and Joel Leon for Slate 15, and Timoteo Zambrano of AD for Slate 1.

However, the candidates from COPEI Slate 3, Miguel Mejias and Rogelio Carrera, insisted to newsmen yesterday that they had won one post in the University Council because of the Victory they won in the elections in the schools of Architecture and Veterinary Medicine, respectively.

In turn, Timoteo Zambrano of AD said that to judge by the partial results, AD becomes the primary single force in the UCV because it obtained all the posts in the Law School, it beat COPEI in nine of the 11 faculties and managed to win half the number of votes won by the alliance of three parties, MAS-MIR-PCV.

In turn, Roberto Lopez and Luis Zarraga said that in this electoral process abstentions declined a little and it has been confirmed that Slates 15, 1 and 3 increased their votes by comparison with 1982, unlike the rest of the groups whose votes declined substantially.

1982 Results

Last year Slate 15, which consisted of the same MAS-MIR-PCV alliance, had a total of 5,382 votes, Slate 1 of AD obtained 3,066 votes and Slate 3 of COPEI had 2,042 votes.

The 1982 elections were held on 3 June and abstentions reached 64 percent.

According to the voting register, that year 49,908 students had the right to votes but only 17,956 did so.

There were 1,745 canceled votes, 1,003 blank votes and 31,952 students did not vote.

Other Information

Armando Sanchez of slate No 10 of the CLP won the presidency of the School of Economy Student Center in the Faculty of Economic and Social Sciences.

There were 96 voting tables in this electoral process and the results or count, said Luis Zarraga, of those used by the students of Supervised Studies in Barquesimeto, Puerto Ayacucho and Ciudad Bolivar, as well as in the Faculty of Veterinary Medicine of Maracay, were received by telephone.

8908

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LUSINCHI ON ARMED FORCES ROLE, POLLS, OTHER ISSUES

Caracas EL DIARIO DE CARACAS in Spanish 28 Oct 83 p 2

[Article by Javier Conde]

[Text] The AD presidential hopeful spoke about almost everything at his opening press conference. With regard to the foreign debt he said that his administration would give the country clear and timely information. "This is a matter that concerns all."

With 38 days to go before the national elections, Jaime Lusinchi held his weekly press conference. There will be no conference next Thursday, however, because the candidate has committed himself to attending a forum at Andres Bello Catholic University. Yesterday, Jaime Lusinchi responded to some 20 questions on current events: Grenada, the dirty war and its implications, debt rescheduling and polls.

Lusinchi only declined to mention the names of potential members of his economic cabinet (unlike Rafael Caldera), even though he was asked about this on three separate occasions. He made it clear that Julio Sosa would not be a minister, because Caldera "is not going to win." Though acknowledging that Sosa Rodriguez is a competent man, he would not appoint him as finance minister "because he is committed to Caldera." He felt that the COPEI candidate might "get angry."

The Dirty War

Ramon Medina from PANORAMA asked him about the political report in the magazine ZETA that mentioned attempts to disrupt the AD campaign and the possibility of a coup d'etat "to prevent him from winning." Lusinchi replied that Rafael Poleo, the magazine's publisher, is an independent journalist who makes his views known and that he did not know whether Poleo himself wrote the report in question; in any event, he bears the editorial responsibility.

"What the report says is extremely serious. I have no particular fears. There is no possibility of a coup d'etat in Venezuela. The Armed Forces are institutionalized, and the country has affirmed its devotion to democracy...I don't think that there are any prospects for a caper like that."

Lusinchi ruled out the possibility that any political organization would be insane enough to ally itself with would-be coup plotters, but he did not doubt that there might be people "in that category...there are too many reasons for grotesque ambitions."

He then responded to questions from Alirio Bolivar of EL UNIVERSAL on the debt refinancing and the report on the Tocoa tragedy. With regard to the former, he reiterated his well-known stands: that he does not fear the IMF per se, that the debt could be renegotiated directly with the bankers and that in the event of a refinancing with the IMF "we must not assume that what it imposed on other countries is going to be the same as it proposes to us."

Concerning Tocoa he felt that it was this administration's responsibility to make public the report on the tragedy, the first anniversary of which is this coming 19 November.

Polls and Abortion

Lyon Perez from ULTIMAS NOTICIAS touched on the issue of opinion polls, in particular a recent one that is reportedly available in official circles and that shows Lusinchi with 33 percent and Caldera with 27. The AD candidate did not believe these figures. He instead maintained that his support could rise a bit more. "The worst that I could do is stay at 42 percent, and the best that Caldera could do is a 2 or 3 percent rise." He asserted that his campaign support has not peaked.

The reporter from LA RELIGION, Rafael Polanco, wanted to know whether he would legalize abortion. He said that he would not, pointing out, however, that he does believe in therapeutic abortion when fully justified from a scientific viewpoint.

Near the close of the press conference, Roberto Hooper, representing a non-journalistic organization, congratulated Lusinchi on his campaign, picked Simon Alberto Consalvi as the next foreign minister, asked to know the name of the candidate in 1988, asked whether Carlos Andres Perez would become OAS president and, in passing, wished the former president a happy birthday. Lepage, who was seated beside Lusinchi, became visibly annoyed.

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FINANCE MINISTER-DESIGNATE DISCUSSES ECONOMIC ISSUES

Caracas EL UNIVERSAL in Spanish 30 Oct 83 p 1-14

[Interview with Julio Sosa Rodriguez by Jorge Villalba; date and place not given]

[Text] Loosening the excessive curbs that were imposed on the economy in recent years, reactivating the production machine by encouraging foreign investment and cutting the fat in government spending are three of the priority goals that Julio Sosa Rodriguez intends to achieve as finance minister if Rafael Caldera wins the election on 4 December.

At age 60, Sosa, a petroleum engineer who is "on loan" to economics (he admits that once he was made a "career" diplomat), says that he is not afraid of leaving his business interests to serve in government. He did so once before and if he has to do it again, he might not return to industry afterwards, opting instead for a university teaching post. He feels that Caldera "is motivated by the best of intentions to form a broad government" and that he is prepared to do everything humanly possible to help achieve that goal.

An Unenviable Legacy

If he takes over at the Finance Ministry, he will inherit a far from enviable situation: a foreign debt of 150 billion bolivars (that will perhaps not have been renegotiated) and a declining budget, more than half of which is earmarked for current expenditures, one-third for debt servicing and just 18 percent for investments. To make matters worse, one of the engines of the economy, oil revenue, is slowing down and the other, foreign borrowing, has stalled.

The mentor of Caldera's economic program is not intimidated by this, however, and agrees with the candidate that the major problem is rebuilding confidence. He pointed out that oil still brings in substantial foreign exchange (15 billion a year), "which we have a duty to manage as efficiently as possible to achieve a multiplier effect." He specified further that if the foreign debt servicing is straightened out, the level of confidence will rise and "fair-weather" capital and foreign investment will return.

"I think that foreign capital is an instrument of development and that we have to establish clear ground rules that will give investors confidence. Of course we don't want it coming indiscriminately into any sector of the economy, but if we establish those ground rules, we can expect an economic recovery."

Do you think that those rules have not been clear up to now?

"Let's say that they have been a bit vague and that there has therefore been some lack of confidence."

With regard to oil income, he observed that the problem has been that it has been utilized somewhat foolishly to set up industries that lose money, thus adding to the government's reckless spending. He indicated that if investment spending becomes truly productive and if current spending is straightened out, by making services more efficient and less costly, not by cutting them, then some funds could be shifted to investment. In that case, allocating one-third of our foreign exchange income to debt servicing would not be that onerous, if we bear in mind that other, less well-off countries have to earmark up to two-thirds of their foreign exchange earnings for that purpose.

Too Many Curbs

[Question] How do you plan to resolve the discrepancy that has existed under this administration between fiscal and monetary policy?

[Answer] I want to make an observation in this regard. One of the mistakes that were made during these years was the failure to recognize that we had begun a slowdown in mid-1978. Because of a well-founded fear of inflation we went too far in applying the brakes and we ran the risk of turning a slowdown into a recession. Although it is true that inflation was put under control, we have to recognize that the price was too high. This, then, was one of the major mistakes. Now then, to spur growth once again we have to do more than just inject additional money; we have to adopt austerity measures both in the public and the private sector so that spending is more efficient.

[Question] In other words, you don't think that we have to sacrifice economic growth to curb inflation?

[Answer] I think that the primary duty of developing countries is to maintain growth while trying to stem inflation as much as possible... Sometimes the incompatibility of the two is exaggerated.

[Question] Do you feel that a single exchange rate is indispensable for rebuilding confidence?

[Answer] That is an issue that must be examined very thoroughly. It would be overbold for me to voice a categorical judgment, but my inclination is to simplify the hard-to-manage exchange rate system that we have fallen into.

Rescheduling

[Question] How do you view the rescheduling problem?

[Answer] I would naturally like it to be over before the change of administrations, but if it isn't... I think that Venezuela has the money and the desire to pay off its debts. Now then, our creditors obviously have to be realistic, because if the country is unable to have stable economic growth again, the problems could become more complicated in the future.

[Question] Don't you think that the country's internal squabbles, such as the one going on between the Executive Branch and business over the external private debt, are hindering accords?

[Answer] I have said that I do not wish to enter into this controversy. I do, however, feel that to resolve the rescheduling problem the country must close ranks and back the commitments of the negotiators; I'm talking about the sort of backing that I had in 1969 when I went to defend our oil prices in the United States and in 1973 when I negotiated with the Andean Pact.

[Question] Do you think that we should accept the IMF's conditions?

[Answer] I am not sure that an agreement with the IMF is needed to renegotiate with the banks, but in any event I think that some of the conditions that it has imposed on countries like Peru, Ecuador and those in the Southern Cone have not been felicitous... Moreover, these policies have been questioned not only by the developing countries but also in the economic section of THE NEW YORK TIMES. In any case, the question must be looked into thoroughly...

Our Biggest Asset

Our talk with Julio Sosa Rodriguez covered many other topics, which there is too little space here to review in full. Regarding state-run enterprises he said that some should be abolished and others

should be transferred to the private sector and that the ones that the government retains should be run by personnel outside partisan politics. Concerning the Andean Pact he said that its workings should be updated and that above all the regulations for Decision 24, which governs foreign investment, should be made less restrictive for our country.

As to his reasons for accepting Caldera's offer, he pointed out that he did so "after giving the matter conscientious and responsible consideration."

"This country has great potential. It is all a question of organizing ourselves better and realizing that hard work is our biggest asset and that we cannot live forever off our extractive industry. Nonetheless, I feel that oil is a blessing from heaven and can help us to create a lasting Venezuela."

8743

CSO: 3348/47

FEDECAMARAS DEMANDS PREFERENTIAL DOLLARS FOR DEBT PAYMENTS

Caracas EL UNIVERSAL in Spanish 10 Oct 83 p 2-1

[Text] Failure to recognize the private foreign debt will inevitably force many businessmen to suffer enormous losses and will make it more difficult for foreign suppliers to continue supplying Venezuela. We caution the nation about the danger of entertaining the idea of punishing corporations with an exchange rate of more than 4.30 bolivars per dollar, since this would mean, in addition to the collapse of many corporations, pushing the country to the brink of runaway inflation. FEDECAMARAS [Venezuelan Federation of Associations and Chambers of Commerce and Industry] believes it is of the highest priority to enact a legal instrument to guarantee the right of Venezuelan debtors to acquire at the exchange rate of 4.30 bolivars the foreign exchange needed to pay off the interest and principal of its total incurred debt.

FEDECAMARAS Chairman Adan Celis, in a message addressed to the nation last night, said that the stability of the economy's private sector has never been more seriously threatened than it is now.

The text of the message reads as follows:

"We have been analyzing the effects related to the exchange measures enacted by the administration as of 18 February and have made specific recommendations, such as those which we submitted to the president of the republic on 20 June and 15 September of this year.

"You experience daily the consequences of our current crisis when you try to obtain a few dollars for your relatives abroad, as do businessmen when, for example, they cannot pay their debts incurred prior to 18 February 1983, and as our creditors do when they feel the effects of hundreds of thousands of unemployed persons.

"In view of this situation, we wish to inform all Venezuelans of the following:

"1) The private sector of the national economy constitutes one of the fundamental pillars on which the Venezuelan institutional system rests. This sector, comprised of many small, medium-sized and large companies, employs two-thirds of the labor force and provides livelihoods for 10 million Venezuelans.

"2) It is obvious that strengthening this sector, comprised of all the companies and employees working therein, is fundamental not only for sustaining the country economically and for its necessary development, but also so that together with labor sectors and political parties, of which we all approve, the stability of the democratic system, which we Venezuelans established through so much sacrifice 25 years ago, can be assured and maintained.

"3) Never has the stability of the economy's private sector been so seriously threatened as it is now. In fact, for several years now it has had to cope with a decided economic recession, largely caused by the monetary policy limiting the amount of circulating capital. This has meant that the private sector, in addition to its usual foreign credit operations for financing its regular requirements of capital investment, goods and services, has been forced to expand its operations by means of foreign financing. Such action was induced and impelled by the policy of the administration and especially by the Central Bank of Venezuela, which repeatedly assured the country until recently that the exchange rate of our currency, at 4.30 bolivars per dollar, and its free convertibility would be maintained.

"4) As is obvious, if total recognition of the foreign debt which corporations legitimately contracted prior to 18 February 1983 at the exchange rate of 4.30 bolivars to the dollar, in effect on that date and in keeping with conditions consonant with maintaining appropriate levels of our international monetary reserves, is not formalized, a large number of those corporations will collapse, which will mean bankruptcy, the cessation of payments or deterioration to untenable levels. In fact, if they are obliged to pay off the debts incurred with their foreign creditors at an exchange rate of more than 4.30, such an increase will wipe out all or a large part of their respective net assets.

"5) In its first ordinance since 18 February, the administration, aware of the grave situation, decreed and agreed to provide dollars at the exchange rate of 4.30 bolivars to those private sector debtors who had legitimately incurred liabilities in foreign currencies for the development of economic activities within the country. But other forces have so far managed to frustrate the administration's efforts aimed at preserving the unity and stability of a large number of Venezuelan companies and the employment of hundreds of thousands of workers. FEDECAMARAS has also expressed its deep concern over the public disputes which have arisen between the president of the Central Bank and every agency entrusted with implementing the policies established by the administration in the decrees concerning debt payment.

"6) This is how part of the Venezuelan private foreign debt has remained unrecognized thus far. Failure to recognize this part of the debt will inevitably force many businessmen to suffer enormous losses and will make it more difficult for foreign suppliers to continue supplying Venezuela with products needed for satisfying domestic demand.

"7) Since the time that exchange control measures were adopted on 18 February 1983, we have awaited the establishment of mechanisms which would guarantee payment of the entire foreign private debt already recognized and its interest. However, Decree 2245, enacted after 7 months of initial provisions, dashed the hopes of debtors and the expectations of foreign creditors, inasmuch as it

barely takes into account the interest and part of the principal of the foreign financial private debt, to be handled through a slow bureaucratic process, and excludes the debt incurred directly with suppliers, thus jeopardizing Venezuela's economic present and future.

"8) We caution the nation about the danger of entertaining the idea of punishing corporations with an exchange rate of more than 4.30 bolivars per dollar for paying off its foreign debts incurred prior to 18 February 1983, since in addition to the collapse of many corporations, particularly those with the least economic strength, and the resulting layoff of thousands of employees, this would mean pushing the country to the brink of runaway inflation, with the resulting loss of purchasing power for the entire Venezuelan population, particularly those with the least resources.

"9) The threat hanging over the Venezuelan private sector has already produced an incalculable negative effect: the loss of confidence of businessmen, corporate directors, executives and workers in the stability of companies and, as a result, in the future of our country.

"10) For all these reasons and considerations, political parties and workers have been demanding immediate action by the administration to permanently resolve this grave danger threatening our economy, the livelihoods of so many Venezuelans and, in short, our institutional system. FEDECAMARAS, with the backing of democratic political forces and the favorable opinion of the most versed experts, believes it is of the highest priority that a legal instrument be enacted to guarantee the right of Venezuelan debtors to acquire at the exchange rate of 4.30 bolivars the foreign exchange needed to pay off the interest and principal of the total debt incurred.

"We in FEDECAMARAS, in organizing sectoral leaders and all domestic employers, and invoking our constitutional rights, have demanded that the national government immediately formalize such a solution that will enable companies to operate and to prosper and, as a result, to restore lost confidence, the inclination to invest and the highest level of employment.

"My fellow countrymen: As chairman of the largest Venezuelan business organization, I urge you to maintain an alert, firm and positive attitude, to remain ready to demand our rights and to act within the present legal system with a high sense of genuine patriotism so that we can resolutely contribute to solving the problems facing the country."

11915

080: 1988/22

AD-COPEI ECONOMIC PLATFORMS CRITICIZED

Caracas NUMERO 16 in Spanish 16 Oct 83 p 34

[Article by Benjamin Dahler: "Political Trend: The Two Platforms"]

[Text] Less than 3 months from the general elections, Democratic Action [AD] and COPEI [Social Christian Party] have finally presented their governmental platforms. It must be said first of all that both seem remarkably similar which, however, is not odd. In addition to the fact that the proposed solutions refer to the same situation, both parties have equally effective feelers out to detect the problems to which the electorate is most sensitive and, comparatively speaking, are cast in the same mould when it comes to making proposals.

Rafael Caldera and Jaime Lusinchi talk of a series of problems that are almost identical, even to the point of using the same language (one refers to a certain promise as the "National Health Service" and the other, the "National Health System"; one speaks of "cooperation between the public sector and the private sector" and the other, of "the concerted action of workers, businessmen and the state"). Both candidates, even though they describe themselves as social christians and social democrats respectively, observe the same circumspection in addressing powerful economic groups and express similar generosity with regard to the most underprivileged groups. Both platforms are utopian, in the sense that they present solutions that are all-inclusive, just, and also equally impossible to achieve. The uncertain difference between Caldera and Lusinchi is that the former at the same time is more pragmatic and his platform is less coherent. He has limited himself to pinpointing problems and their corresponding presumed solutions, selecting those situations that are most suitable for electoral projection; while Lusinchi has preferred a broad plan within the attractive framework of a general and more systematic description of the situation, AD calls its portrayal the "Plan for Social Democracy," a title that serves to provide the old liberal illusion to the platform. Caldera gives answers, step by step, case by case; Lusinchi raises his answers to a conceptual level; but both finally reduce their platforms to big slogans: "A million jobs" and "We have already achieved political democracy; now we will achieve social democracy." Each sentence bears the stamp of its author, but this is where the difference ends. Both convey

utopia, and deliberate oblivion of the reality that they claim they will change. Circumstances and the Venezuelan process apparently have produced only a single party model, which a moderate ideological attempt "personalizes" with certain ideas, identified then with colors and logos; but the mechanics are the same, because they are designed primarily for electoral use and are capable only of giving the same answer.

Neither can one try, on the other hand, to cause this superstructure of the electoral utopia to disappear suddenly; it is a classic defect of representative democracy, which becomes attenuated only with the passing of time and with political progress. It took England centuries to arrive at moderation and regard for some truths; in France and Italy the defect continues to characterize the national political picture; in the United States, it has exacerbated without limit the traits of an almost circean civic holiday. The most dangerous, in the case of Venezuela, is that the parties seem to have given up speaking clearly to the voters. Electoral talk should not be a question only of praise for one's own virtues or anathema for one's adversary, but should also include an analysis and interpretation of the situation in which the real life of the country takes place. (Lusinchí, with a hint of being on the right track, finally spoke of a positive economy, but he kept to mere terminology). Neither of the two parties (in what could be the prologue or the epilogue of its platform) relates in an articulate manner the background, the present political and economic situation, and the future. Neither establishes, in concrete structural and financial terms, its utopia. Yet, in a country whose crisis, in spite of the consternation instilled by international creditors, does not equal, by far, the intense distress endured today by similar nations, like Argentina or Brazil, it was not impossible to plan, without false illusions and also without fear, the framework of that positive economy, and also of the positive society, and even of positive responsibilities.

A true, correct, and thorough analysis of the situation that the new government will inherit should have been the inescapable basis of any platform, even if utopia then vanishes into thin air.

Democratic Action and the Social Christian Party preferred platforms that would have their effect in December, when others are needed here that will start to do this, beginning in January, which is when the country looks to politicians and their parties.

8255

CSO: 3348/24

LUSINCHI CRITICIZES COPEI, HERRERA ADMINISTRATION

Caracas EL UNIVERSAL in Spanish 26 Oct 83 p 1-20

[Text] Jaime Lusinchí, presidential candidate of Democratic Action [AD], guaranteed that under his administration relations between Venezuela and the United States of North America would be of mutual, friendly and high respect, always maintaining an attitude of collaboration for the strengthening of democracy in our continent and for contributing to the economic development of the countries of the hemisphere.

"Naturally, always safeguarding our sovereignty and self-determination," declared the presidential candidate.

In a television program, Lusinchí maintained that Venezuela should always be present in everything concerning the Caribbean area because it has to do with our security and our political prospects. He declared that we are part of the region, at the same time that he expressed his concern at the recent events of Grenada. On this important subject he said that the Grenadian situation must be followed with great attention and concern by the Venezuelans.

Analyzing the situation of Nicaragua, he said that COPEI and the government of Luis Herrera Campins have been the protagonists of an erratic, changing policy in keeping with party interests and circumstances. Thus, he said, in the case of El Salvador COPEI was permanently concerned with supporting Duarte in government. However, when he was no longer the ruler of that country, the attitude of COPEI and President Herrera Campins was different.

"On the other hand, AD, in the Salvadoran as well as the Nicaraguan case, has always maintained a single position, which is the recognition of a democratic, pluralist government with a mixed economy in which universal suffrage is practiced and the free play of ideas is allowed."

Further on he said that the Sandinists have been repeatedly reminded of the position of his party and he restated the respect by AD for self-determination of peoples and his headon opposition to all type of intervention, Cuban as well as North American under another guise in the region.

Lusinchí said that the international policy of the present government and of COPEI with respect to Cuba and Central America has been contradictory and of epileptic actions. He said that not too long ago Venezuela was in an almost conflictive situation with Cuba, which forced a sudden trip by Jose Rodríguez Iturbe to Havana.

"Officially, the people of Venezuela know nothing or very little about that trip," he said.

Asked about the teachers' strike, Lusinchí said his party has nothing to do with that process. However, he took advantage of the opportunity to say that the petitions by the teachers are fair and that Minister Montilla is a provocateur. "The government had the money to handle those demands because it had \$20 billion in reserves and it has allowed 20 months to pass without paying the least heed to the teachers proposals.

"The strike no one wants, not even the teachers themselves," said Lusinchí, "affects the educational process because the schools will have to close another two times because of voting. At any rate," he said, "the teachers are acting calmly in the face of the provocations by the minister of education."

The moderator referred to a certain article which appeared in the daily EL NACIONAL and which Lusinchí described as "disrespectful," saying that EL NACIONAL is a platform for Venezuela democracy and that it is sad that someone is trying to turn it into a platform for a candidacy, particularly when those important newspapers are almost "public property" because of the enormous service they provide for the community.

Lusinchí rejected the false imputations of Miguel Henrique Otero. He said that as chief of the AD legislative faction, he was the basic advocate for approval of the Law on the Exercise of Journalism and for that reason, and as a member of AD, he could hardly act against freedom of speech from the Presidency of the Republic. Lusinchí emphasized that the AD has been the party which has most struggled for freedom of speech in Venezuela.

He maintained that he will govern with his party, with independents and allies who may have contributed to his electoral campaign, but always putting into practice his theory of governing with the best whether or not they are members of his party, always under the surveillance or control of the party, as well as that of the Venezuelans, "and of myself, who will be the first inspector."

He also declared that there are many very valuable young and experienced people in AD and that he will have no bias whatever in appointing to his administration those colleagues and friends who may have served in the governments of Betancourt, Leóni and Perez.

Stating the measures his government will adopt upon attaining power, he said that above everything else will be that of regaining national trust, admitting that it will be necessary to impose emergency measures to confront the deplorable situation in which he will receive the country. His government will be serious, responsible and participatory, as is established by the National Constitution.

He said that upon assuming the presidency he will seek special situations so that the country will be able to refinance its foreign debt, based on the principle that Venezuela, because of its economic strength, proven on previous occasions and because of its own contribution to the International Monetary Fund

for help to other developing countries, has the right to demand special treatment without this meaning the establishment of comparisons with other nations.

He admitted that Venezuela should acknowledge the legitimately contracted foreign debt. He also expressed himself as favoring a simplification of the exchange system, believing that the existence of five different types of exchange is not proper.

He expressed his confidence that the country under his administration will find an understanding with its creditors, the bankers, who know that the country can meet its commitments in this business of money, which is the business of banks.

He concluded by saying that the present concerns abroad with respect to our financial situation and the weakening of our money are the result of mistaken economic policies imposed by the Central Bank of Venezuela and allowed by the president.

8908

CSO: 3348/48

DEFENSE MINISTER DISCUSSES CUTUFI INCIDENT, OTHER ISSUES

Caracas EL DIARIO DE CARACAS in Spanish 9 Oct 83 p 3

[Text] The minister of defense, Maj Gen Humberto Alcalde Alvarez, expressed his satisfaction over completion of the goals proposed for implementation of "Republic Plan" Number Five, to be carried out during the upcoming elections of 4 December.

Alcalde Alvarez was in the northern part of the state of Anzoategui yesterday, where he inspected garrisons of the Barcelona-Puerto La Cruz metropolitan area and was informed of the progress of the aforementioned operation in the region.

During a talk with representatives of the news media, the minister of defense said that "the commanding officers of units and their troops are inspecting the sites where polls will operate and are contacting the members of the Supreme Electoral Council (CSE) in order to complete the provisions of the 'Republic Plan.'"

Asked about the process of recruiting new conscripts a few months away from the elections of 4 December, Alcalde Alvarez said that "what has been done is to expedite the discharge of the contingent that will soon complete their military service and to induct other young men so that they will be prepared to carry out the aforementioned plan."

With regard to the recent events which took place in Cutufi, the defense minister said that "an operation is now being conducted jointly with members of the Army, the DISIP [Directorate of Intelligence and Prevention Services] and the National Guard, as well as jointly with the Army of the Republic of Colombia."

Alcalde Alvarez said that his and other ministries have been investing in border programs, among which the extension of airstrips and construction of facilities for the National Armed Forces can be mentioned.

The defense minister said that the forts of Machiques and Santa Elena de Uairen will soon be opened, as well as a unit in Cutufi, which will be occupied by an army company belonging to the First Infantry Brigade. He added that there are other programs being developed and that they are very expensive.

The minister stated that he recently met with the commander in chief of the Army of Colombia concerning border policies and that certain standardized procedures were established for continuing these joint operations, which will enable both armies to intervene in their respective territories coordinatedly and effectively.

"These agreements and actions will make it possible to carry out a more effective operation for controlling trafficking in drugs and other goods, which are hurting the Venezuelan people so much, especially those located in border areas," Alcalde Alvarez said.

11915

CSO: 3348/22

CONGRESSMEN, ECONOMISTS VIEW BUSINESSMEN'S DEMANDS

Caracas EL NACIONAL in Spanish 11 Oct 83 p D-3

[Article by Alba Sanchez]

[Text] In a message to the nation, FEDECAMARAS [Venezuelan Federation of Associations and Chambers of Commerce and Industry] demanded that the administration issue a decree which would guarantee recognition of the private debt at a preferential exchange rate of 4.30 bolivars per dollar and denounced threats against the country's business sector, warning against the dangers which such attempts could present for the economy.

When asked for their opinions about the aforementioned message, congressmen and economists agreed that it was an obvious attempt by the business organization to pressure the administration into clarifying this issue. But opinions were otherwise divided, for while there are those who believe that the entire private debt incurred prior to 18 February should be recognized at the exchange rate of 4.30, most think that the government should not yield to pressure or recognize the entire private foreign debt--which would seriously jeopardize the country's international reserves--but that there should be partial recognitions in keeping with the reality of exchange rates.

Godofredo Gonzalez

The president of the Congress of the Republic, Godofredo Gonzalez, is among those who think that those businessmen who incurred liabilities by concluding deals and agreements prior to 18 February, basing their operations on the exchange rate of 4.30 bolivars to the dollar, should also be granted recognition of such debts at the rate of 4.30. As for the FEDECAMARAS message, he did not wish to describe it as an ultimatum but rather as a "largely just" demand.

"It is obvious that the government should establish controls, because there are many unscrupulous characters in this country and there might be those who would claim to have incurred nonexistent liabilities in order to unjustly benefit from such preferential treatment. But," Gonzalez emphasized, "I believe that it is right for those who legitimately incurred liabilities at the exchange rate of 4.30 bolivars to receive such preferential treatment, because otherwise they would be paying a penalty."

The congressional president and COPEI chairman also recalled that the administration has already enacted a decree recognizing the industrial sector's debt, but that it has not yet made a decision concerning the commercial sector's debt.

"It should also be mentioned that the respective parties estimate that the amount of their debts is now triple what they said they owed several months ago. Perhaps because they have tried to include those nonexistent debts which I mentioned. That is what must be checked and verified, and then preferential treatment should be given for the proven debt on the basis of such checks."

Jose Vicente Rangel

In the opinion of AUP [expansion unknown] candidate Jose Vicente Rangel, the government should not yield to pressure from businessmen "even though it is now a custom for it to always yield to the pressures of powerful economic groups." He believes that FEDECAMARAS is exercising a civil right in making its recommendations, "because we live in a democratic country, even though I disagree with total recognition of the private foreign debt."

"I believe that the just policy is that of the net balance, that is, determining the difference between liabilities and assets, because a debt incurred under rather questionable circumstances cannot be recognized a priori and in toto."

Pompeyo Marquez

Senator Pompeyo Marquez, general secretary of the MAS [Movement Toward Socialism], pointed out that in making its recommendations, FEDECAMARAS ignored the fact that some of its members are responsible for the flight of capital out of the country during a very brief period between 1981 and 1982.

"At that time, FEDECAMARAS did not speak out and did not make the warnings which it is now expressing. We believe that the position on the foreign debt should be very clear and very precise. It should recognize the debt incurred by Venezuelan companies for investing in Venezuela. That debt should be examined and verified. The total debt therefore cannot be approved."

Marquez also believes that an evaluation of the creditor position in foreign currency should be used as a basis for recognition of the private debt.

"FEDECAMARAS should adopt such criteria if it is really concerned about the Venezuelan economy's further decline. The admonishing tone of FEDECAMARAS concerning the dangers to institutionality also attracts our attention. A policy of blackmail should not be allowed to flourish, thus it is essential for the various democratic sectors to express their opinions."

Jose Miguel Uzcategui

COPEI deputy and economist Jose Miguel Uzcategui considers the terms of the FEDECAMARAS demand exaggerated and thinks that if the businessmen's recommendations are accepted and their debt indiscriminately recognized, the country's monetary reserves would be seriously threatened.

"A certain opportunism of the organized business sector can be noted in making these recommendations at a time when, because of the elections, they could count on the inclination to not make unpopular or unfriendly decisions. They also want to make the BCV [Central Bank of Venezuela] responsible for the lack of liquidity and insolvency of some companies, when many of the causes of this are attributable to poor business management. The government cannot be blamed for the indebtedness. Moreover, not even FEDECAMARAS seems to know the exact amount of these debts and thus it has been of little help to official agencies in making such a determination."

Uzcategui also pointed out that businessmen should assume the exchange risk inherent in a market economy such as Venezuela's.

"From the standpoint of equity and justice, it is inappropriate for the government to grant special privileges to the private sector at the expense of the rest of the population, which must submit to a more expensive dollar. And it is inconsistent and unfair for many of those who took dollars out of the country, thus helping to weaken the bolivar, and who have cash and assets abroad, which themselves produce exchange profits, to be able to obtain new profits through total debt recognition, without any verification of legitimacy. There should be partial recognitions of net liabilities in keeping with the exchange reality of the country in order to avoid drastically endangering reserves and causing a greater devaluation of the bolivar of dangerous proportions."

Uzcategui believes that in certain specific cases of working-capital problems due to lack of liquidity, the government could provide special financial aid to certain companies requiring it, but not preferential treatment to others whose acquisitions have otherwise been reassessed.

Pedro Conde

Democratic Action's economic consultant, Pedro Conde, reiterated the proposal, made in the government program by his party's presidential candidate, that the legitimately incurred and proven foreign private debt should be recognized at an exchange rate of 4.30 bolivars.

"Moreover, we believe that if this is not done, with a situation such as the present one in which there are price controls, the financial balance of companies will be radically altered, with two very serious consequences: first, the time necessary for those companies to produce funds and pay off their liabilities would increase and, as a result, there would be bankruptcies causing more distress and lack of confidence in the economic sector as well as greater unemployment, which is undesirable at a time when we already have a high rate of unemployment and too much uncertainty."

According to Conde, recognition of the private foreign debt at the 4.30 exchange rate would restore lost confidence somewhat and thus justifies FEDECAMARAS' pressure.

"There are too many contradictions at the level of the administration and there is also a great deal of indecision. Thus it is right for pressure to be exerted to obtain what the government, because of that indecision, has not yet granted"

BANK PRESIDENT EXPRESSES CONFIDENCE IN FINANCIAL SYSTEM

Caracas EL NACIONAL in Spanish 9 Oct 83 p D-1

[Article by Jesus E. Brando: "Jorge Baiz (BIV): The Financial System Is Sound"]

[Text] The Venezuelan financial system is more sound and is stronger than that of some underdeveloped countries, because of its high liquidity, safety, and calculated risks, said Jorge Baiz, president of the Industrial Bank.

The official of one of the state banking institutions believes that although an audit of three institutions in less than 3 weeks is atypical, it must not be a reason for alarm, since in this case it was generated by disinformation.

"The Regional Development Bank of Zulia [BFRZ] was very opportunely audited this past Tuesday as a preventive measure, as a result of the withdrawal of more deposits than usual."

Baiz indicated that in any case a reorganization of the BFRZ board of directors was foreseen and that the appointment of a new president to replace the present comptroller has already been determined.

"This is a customary procedure, provided for in the Banking Law, to protect client interests and to prevent any possible destabilization that a phase of deterioration might cause."

The auditing, he stressed, is a way of preventing a banking imbalance and even worse harm in the case of a "flight" of savings and a negative balance. An administrative reorganization of the bank is being implemented and a reactivation plan will be carried out as soon as possible, through a freeze on operations having to do with credit and funds, except those that are urgent, as in the case of payroll payments. Even so, in the past 3 months after the auditing, the BFRZ received deposits amounting to 4 million bolivars in the southern area of Lago.

The banking executive believes that that recovery program might be ready for next week, when it would go to the Treasury Department and to the superintendency of banks.

He believes that the recent audits should not cause any anxiety.

He discounted that the domestic financial system is passing through a critical state and, as proof of that, he pointed out that there is currently a banking liquidity of approximately 160,000 million bolivars and that deposits exceed 100,000 million, while there is a surplus of 11,000 million.

"It may thus be said that banks are enjoying financial prosperity and that the system is sound, enduring, and stable. Another proof is that the private sector has offered to buy some of the audited banks."

Baiz said that some steps might be taken as a consequence of these actions--possibly including the merger of certain institutions.

The BIV

In order to reinforce what he said with statistics, Jorge Baiz mentioned the current situation of the Industrial Bank, over which he presides. "In terms of deposits and liquidity, we have substantially increased and strengthened our clientele, by consolidating the existing one and by gaining an increased clientele, in the past 5 or 6 months, from the private sector and by making greater use of the bank."

He stated that, for the March-August 1983 period, deposits increased by more than 1,200 million. Of that total, savings rose 21 percent, in an upward curve.

Baiz said that at present the BIV surplus cash on hand is about 300 million, which demonstrates the soundness and stability of the bank. He added that about 68 percent of the loans were used for productive activities--that is, about 30 percent went to the industrial sector and another 38 percent to construction, while the remainder was allotted to the services sector, which acts as an outlet for industrial production.

8255

CSO: 3348/24

AD PRESIDENT RECOMMENDS BANK MERGERS

Caracas EL NACIONAL in Spanish 11 Oct 83 p D-12

[Interview with Gonzalo Barrios, president of AD [Democratic Action] by journalists, in Barrio's office; date not given; article by Mario Villegas: "The Merger of Some Banks Would be Advisable"]

[Text] Gonzalo Barrios believes that the FEDECAMARAS [Venezuelan Federation of Associations and Chambers of Commerce and Industry] has the right to protect the interests of its members, but that the interests of the country must also be considered.

Gonzalo Barrios believes that there are more than enough banks in the country and that therefore, in his opinion, a merger of some of them would be advisable.

That is the opinion expressed by the president of AD during a conversation with journalists in his office in the administrative building of congress.

With regard to the plans formulated by the country's private enterprise leadership concerning its being granted needed preferential dollars, at 4,30 bolivars, for the payment of its foreign debt contracted before 18 February of this year, the social democratic leader said that he believed that FEDECAMARAS has a perfect right to protect the interests of its members.

[Gonzalo Barrios] "Of course, at the same time the rest of us must take care that the protection of those rights does not lead to not thinking also of the interests of the community in general. I am not ascribing that deviation to FEDECAMARAS, but it does seem suitable to mention this point, because some of its members might believe that the essential thing for the country is that they extricate themselves from their debts, and not that the country in general recover."

[Question] "Do you not believe that the ambition of FEDECAMARAS to obtain preferential dollars for the payment of all of its private debt is an excessive aim?"

[Gonzalo Barrios] "If the debts are checked to find out which are legitimate and really merit that privilege, I believe that we would be in agreement."

The wrong thing is to generalize to the point that debts are included that are contracted wrongly, that are not controlled, that are supervised by officials or persons in charge who have taken money out or who have money in the United States; I believe that would be different. So that one thing cannot be compared with the other. That is, there should be preferential dollars for the debt, but at the same time subjection of that debt to a strict verification with regard to amount, nature, and legitimacy."

Barrios was questioned regarding the situation that the domestic banking system is experiencing and the proposal of his colleague, Reinaldo Leandro Mora, that inefficient state financial entities be transferred to the private sector or become joint enterprises. "I believe that Leandro Mora is referring to state banks or to those in which the state plays an outstanding role. But what took place in recent days, as I understand it, is that private banks were audited. So that an opposite procedure is being started: deficient private banks will be transferred to state control; I do not believe that state banks will be transferred to private control," he said.

[Gonzalo Barrios] "But Leandro Mora's recommendation seems perfectly correct to me, and I believe that it certainly will be one of the points in the next government's recovery program. That is, not only banks, but other enterprises that are hopelessly deficient must either disappear or pass over to private control if by their nature they would be better administered in that manner."

[Question] "In conclusion, should the role of the government be reduced to that of impresario for all categories?"

[Gonzalo Barrios] "When it is not a question of basic and strategic items. As for banks, it seems to me that the merger of some of them would be advisable. There are too many banks, and the height of absurdity is that at this moment licenses are being granted for more banks in some parts of the country, banks that are predestined to bankruptcy and possibly to the loss of local savings accounts."

Monday In Boston

Dr Barrios will travel to Boston next Monday for a routine medical checkup. The christian democratic president will be away about 2 weeks, during which time his party duties will be taken over by Dr Reinaldo Leandro Mora.

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CSO: 3348/24

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Dec 7, 1983